

Minutes of the New Jersey Health Care Facilities Financing Authority meeting held on January 28, 2021 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. Kazmir, (Chairing) Vice Chair (Public Member); Robin Ford, Designee of the Department of Health; Greg Lovell, Designee of the Commissioner of Human Services (joined the meeting at 10:19 a.m.); Manny Paulino, Designee of the Commissioner of Banking and Insurance; and David Brown (Public Member)

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

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

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

CALL TO ORDER

Dr. Kazmir called the meeting to order at 10:13 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 December 17, 2020 Authority Meeting

Minutes for the Authority's December 17, 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. Brown seconded. Dr. Kazmir asked if there were any questions or comments on the motion. There were no questions or comments. All Members voted in the affirmative and the minutes were approved.

2. BOND SALE REPORT Hunterdon Medical Center

Dr. Kazmir asked Bill McLaughlin to report on the Hunterdon Medical Center bond sale.

Mr. McLaughlin told the Members that, on December 15, 2020, the Authority staff along with representatives from Morgan Stanley, the sole underwriter, priced the \$44,460,000 publicly issued federally taxable Series 2020A bond financing on behalf of Hunterdon Medical Center. The bonds were rated A+ by Fitch and A- by Standard & Poor's.

According to Mr. McLaughlin, the proceeds of the Series 2020A bonds will be used to: reimburse Hunterdon Medical Center for all or a portion of the costs of the development, acquisition and construction of various capital improvements and the purchase of equipment previously paid from its own funds, including, without limitation, the expansion of and renovations to various healthcare related facilities at the Hunterdon Medical Center's campus, information technology upgrades and replacements, and laboratory and cafeteria renovations and improvements; and pay all or a portion of the costs incurred in connection with the issuance and sale of the Series 2020A Bonds.

The Series 2020A bonds were structured as three (3) fixed-rate term bonds maturing in 2030, 2040 and 2050.

Mr. McLaughlin said that Morgan Stanley began soliciting interest in the transaction at 9:30 a.m. Following the conclusion of the order period, the underwriter had received orders totaling approximately \$362 million from more than 23 unique investors. This oversubscription led to the Morgan Stanley adjusting the coupons downward throughout the structure, resulting in a decrease in the all-in total interest cost from 3.68% to 3.55%. Morgan Stanley then made an offer to underwrite the bonds at the new levels and the Authority staff gave the verbal award.

The final coupons for the Series 2020A bonds were 2.568% for the July 1, 2030 maturity; 3.361% for the July 1, 2040 maturity; and 3.511 for the July 1, 2050 maturity.

Mr. McLaughlin then explained to the Members that, simultaneous with the issuance of the Series 2020A bonds, was the issuance of the Hunterdon Medical Center Series 2020B, a \$34,097,000 direct placement with TD Bank. The Series 2020B bonds were structured as a federally taxable monthly variable rate series which may be converted to federally tax-exempt on or after April 2, 2024. This structure is commonly referred to as "Cinderella Bonds." The proceeds of the Series 2020B bonds will be used to: refund, redeem, retire and/or legally defease the outstanding 5% coupon maturities of the Authority's Hunterdon Medical Center Obligated Group Issue, Series 2014A Bonds, and pay all or a portion of the costs incurred in connection with the issuance and sale of the Series 2020B Bonds. The initial rate for the Series 2020B bonds was 1.41%

Mr. McLaughlin concluded by saying that the transaction closed on December 23, 2020. He then offered to answer any questions from the Members.

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

3. 2010 DEBT MANAGEMENT PLAN

Dr. Kazmir asked Bill McLaughlin to present the Authority's 2021 Debt Management Plan to the Members.

Mr. McLaughlin advised the Members that, under Executive Order No. 26 (Whitman), the authority is required to prepare an annual Debt Management Plan and submit it to the State Treasurer. This year's Debt Management Plan for 2021, was provided to the Members in their meeting packets. The plan reflects the financings that were completed during 2020 and identifies three (3) bond financings that are anticipated for 2021, along with a description of each project, the anticipated issue size, security, expected ratings and a proposed method of sale.

Additionally, Mr. McLaughlin reported there is no anticipated activity for either the master lease program, composite program or the equipment revenue note program. He also noted that the proposed plan excludes Capital Asset Program (CAP) loans, since these transactions do not involve the issuance of new debt.

Mr. McLaughlin concluded by saying that, as in prior years, the total volume for 2021 is subject to change, depending upon market conditions and borrowers' preferences. He then asked the Members' approval of the Authority's plan and the authorization to submit it to the Treasurer.

Dr. Kazmir then asked for a motion to approve the Authority's 2021 Debt Management Plan. Mr. Lovell made the motion. Mr. Brown seconded. Dr. Kazmir asked if there were 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. UU-28

WHEREAS, the Members of the Authority have reviewed the memorandum dated January 15, 2021 regarding the 2021 Debt Management Plan.

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves a motion to adopt the proposed 2021 Debt Management Plan and submit it to the Treasurer in accordance with the requirements of Executive Order No. 26.

4. UPDATE ON PROJECT STATUS AND BONDHOLDER FORBEARANCE Village Drive Healthcare Urban Renewal, LLC

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

Ms. Rommell reminded the Members that, at the Authority's December 17, 2020 meeting, she informed the Authority Members that Village Drive Healthcare 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. During a conference call with Bondholders' counsel and the Issue's Trustee held January 25, 2021, Authority staff was informed that the Bondholders are monitoring the project and are in regular contact with the developer. The Bondholders are not contemplating another forbearance agreement at this time and have requested the Authority take no action. Bill Lohman, the Authority's Construction Manager, provided Ms. Rommell with the following construction update: construction continues on Village Drive, located in Millville, New Jersey, towards the anticipated late February 2021 completion of this project. With the building now closed in and heated, the following interior finishes and items can be installed in buildings A & B: interior paint, flooring, ceiling tile, lighting and plumbing fixtures. Long lead-time items like elevators and kitchen equipment are also being delivered and installed on the project site.

Ms. Rommell concluded by saying that she or Mr. Hopkins would answer any question the Members might have.

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

5. 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. Ford 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-29

WHEREAS, the Members of the Authority have reviewed the memoranda dated January 20, 2021 summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses in the amounts of \$37,666.00 and \$115,435.16 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 and Legislative Update.

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

Mr. Hopkins reported the following:

1. In June of 2007 the Authority adopted Resolution No. HH-28 which lowered certain Authority fees but created an automatic annual adjustment to the amount of bonds that would be subject to the Authority's initial fees and annual fees (the "fee cap"). The resolution called for the adjustment of the fee cap commensurate with the change in the average of the Consumer Price Index for all Urban Consumers ("CPI-U") in the New York City and Philadelphia regions, rounded to the nearest million. In September 2016, the Authority Members readjusted the Authority's fee structure and eliminated the fee cap for annual fees and increased the fee cap for initial fees to apply to up to \$100,000,000 of each financing. At that time the Authority Members also approved postponing any adjustment of the fee cap for initial fees until January of 2018. As a result of the average relevant CPI-U increases, the amount of bonds upon which the initial fee would be collected increased to \$101,200,000 in 2018, \$102,500,000 in 2019 and \$104,400,000 in 2020. For the twelve-month period ending December 31, 2020, the CPI-U in the New York City region increased 1.70978% and in the Philadelphia region increased 0.89704%, for an average increase of 1.30341%. Therefore, with rounding to the nearest \$100,000, the initial fee of 2.5 basis points will now be collected on the first \$105,800,000 in bonds issued by the Authority or a maximum of \$26,450. Per series fees shall continue to be \$10,000 for each series.
2. The Authority provided \$97,657,000 in bond financing in 2020 to two (2) separate borrowers, Holy Name Hospital and Hunterdon Medical Center, over three series of bonds. The financings included \$44,460,000 in new money bonds and \$53,197,000 in refunding bonds. The three series were comprised of a federally taxable series totaling \$44,460,000, a federally taxable series convertible to tax-exempt of \$34,097,000, both for Hunterdon Medical Center, and one federally tax-exempt series of \$19,100,000 for Holy Name Hospital.
 - a. The weighted average all-in true interest cost on the \$19,100,000 in federally tax-exempt refunding bonds issued on behalf of Holy Name Hospital in 2020 was 2.638%. This resulted in approximately \$6,137,000 in present value savings when compared to the bonds that were refunded. Further, this transaction provided Holy Name Hospital with \$114,287 in estimated present value savings when compared to a similarly rated and structured federally taxable transaction financed at 2.760%.
 - b. There were no new Federally Qualified Health Center Loans, Equipment Revenue Notes or Master Leases issued in 2020. There were no new financings through the Capital Asset Program in 2020. Loans under the Capital Asset Program averaged an interest rate of 2.11% for calendar year 2020.

- c. The Authority created the Emergency COVID-19 Loan Program and made one interest-free loan in the amount of \$1,420,789 to Salem Medical Center on May 4, 2020 to provide funds to hire additional temporary health care staff to handle the influx of COVID-19 patients at Salem.
3. According to the unaudited year-end numbers, the Authority's 2020 expenses came in at \$3,272,759, which was 18.11% below budget and 12.10% above 2019 expenses (2020 expenses included a payment of \$142,227 for the consultant to assess the need for hospital services in Bayonne, Salem and Trenton). The Authority's revenues came in at \$4,034,890 which was 1.90% below budget and 2.13% below 2019 revenues. The Authority's receipts over disbursements came in at \$762,131, which is \$645,597 above budget and \$441,210 less than 2019.
4. Governor Murphy has nominated Thomas J. Sullivan, Jr. to serve as a Public Member of the Authority. Mr. Sullivan is a Bergen County Commissioner and President of Local 164 of the International Brotherhood of Electrical Workers. He previously served as a Councilman in the Boroughs of Bergenfield and Montvale.
5. Carole Johnson, New Jersey's Commissioner of Human Services and ex officio Member of the Authority, stepped down on January 15, 2021 to join President Biden's COVID-19 Response Team. Deputy Commissioner Sarah Adelman has been named as Acting Commissioner of Human Services. Prior to joining the Department in 2018, Ms. Adelman served as Vice President at the New Jersey Association of Health Plans and Chief of Staff at the New Jersey Health Care Quality Institute.
6. Authority Members yesterday should have received two disclosure forms to be filled out by February 10th. The "Personal and Business Relationships Disclosure Form" is required pursuant to New Jersey Statute 52:34-10.11 for anyone, including Authority Members and Staff, involved in the procurement process. The "Annual Outside Activity Questionnaire" is required pursuant to the State's Uniform Code of Ethics. Members should consult Robin Piotrowski, the Authority's Human Resources Manager and Ethics Liaison Officer, if they have questions.
7. As discussed at the last three 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 17th 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 as of 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 were received. After consultation with the COVID-19 Emergency Loan Committee, the Committee agreed to accept that offer. Salem made its first two \$100,000 payments since the November meeting, leaving a loan balance of \$1,220,789. Due to the fact that Salem had not received the FEMA funding in December, combined with the impact on Salem from the second wave of COVID-19, the COVID-19 Emergency Loan Committee determined it would not seek any additional payments from Salem through the end of December

2020 unless Salem received the FEMA funding before then. Salem received about 25% of the full amount it expects to receive from FEMA last Friday and yesterday paid an additional \$300,000 on its COVID-19 Emergency Loan, leaving a balance of \$920,789. The COVID-19 Emergency Loan Committee will seek \$250,000 payments every other week until Salem has paid the Loan in full.

8. A summary of the preliminary Assessment of the Need for Hospital Services in Bayonne, Salem and Trenton was presented to stakeholders for each of the regions in separate Microsoft Teams remote meetings on December 21st and 22nd by ECG Management Consultants, the consultant who prepared the report. The presentations generated some questions and comments. Several stakeholders requested the opportunity to provide additional feedback. Therefore, the Authority is not releasing the final Assessment until the consultant has had an opportunity to receive and review the feedback and incorporate any changes it feels are appropriate.
9. Coronavirus News
 - a. With COVID-19 cases continuing, on January 19th, Governor Murphy signed an Executive Order extending the COVID-19 public health emergency for an additional 30 days. This is the 11th time he has extended his original order since his declaration of a public health emergency on March 9, 2020.
 - b. As of January 26, 2021, there are 3,190 people hospitalized with COVID-19 in New Jersey, down significantly from the peak of 8,270 in April 14, 2020 and well below the estimated January 2021 peak of between 5,752 and 6,333. Since March 2020, 606,492 New Jersey residents have tested positive for COVID-19 and 21,220 have died of confirmed or probable COVID-19. Nationally, according to the New York Times, as of January 26, 2021 there have been just over 25.4 million cases and an unimaginable 425,208 deaths from COVID-19 and 108,957 people are hospitalized. In New Jersey 642,613 vaccines have been administered, including 90,084 second vaccines. In the United States 19.9 million people have received at least one dose of the vaccines and 3.5 million have been fully vaccinated. Predictive modeling indicates New Jersey is about to turn a corner with second wave hospitalizations peaking January 24th then gradually declining. Daily deaths and cases are also predicted to decline. The modeling also predicts 70% of eligible New Jersey residents will be immunized by June 1, 2021, assuming expected availability of vaccines.
 - c. As of January 18, 2021, New Jersey was only expecting to receive 100,000 doses of vaccines in each of the next four weeks. In addition to health care workers and first responders, vaccine eligibility has been expanded to anyone 65 or over and anyone 16 to 64 with the following conditions: cancer; chronic kidney disease; COPD; Down syndrome; certain heart diseases (including heart failure, coronary artery disease, cardiomyopathy); obesity (over 30 BMI); Sickle cell disease; smokers; and Type 2 diabetes. President Biden subsequently said he will be stepping up vaccine deliveries and provide financial support for state vaccine programs, including for National Guard costs.

- d. To speed vaccinations, New Jersey is seeking retired medical professionals to administer vaccines and has opened six vaccine mega-sites at: Meadowlands Racing and Entertainment complex; Rockaway Townsquare Mall, New Jersey Convention and Exposition Center, Moorestown Mall, Rowan College of South Jersey and the Atlantic City Convention Center.
- e. Last Friday, New Jersey Commissioner of Health Judy Persichilli confirmed that New Jersey has seen two cases of the more contagious and possibly more deadly mutation of COVID-19 which originated in the United Kingdom. As of yesterday, New Jersey was up to eight cases of the U.K. variant.
- f. More than 50% of New Jersey's COVID-19 transmissions are by those who are asymptomatic.
- g. A study out of Wuhan, China found that 76% of hospitalized COVID-19 patients still had at least one symptom after six months, such as fatigue or muscle weakness, anxiety or depression, with women more likely to have lingering symptoms.
- h. A report in the New England Journal of Medicine indicates that COVID-19 can damage the brain without directly infecting it. It also showed hair loss among minorities possibly as a result of pandemic stress.
- i. A study by the U.S. Centers of Disease Control and Prevention ("CDC") indicates that the Binax Now rapid antigen test for COVID-19 from Abbott Labs correctly spotted only 35.8% of COVID-19 cases among people who did not report any symptoms and who tested positive on a PCR-based test.
- j. NJSpotlight published a lengthy and informative article about how the New Jersey health care system was stressed but held up during 2020 despite the pandemic.
- k. Virtua Health has provided bamlanivimab, a COVID-19 treatment using monoclonal antibodies, to nearly 100 patients with mild to moderate COVID-19 from December of 2020 and January 5, 2021. It is a new therapy that has shown promise in early studies. Virtua is among the first in the region to provide the treatment.
- l. St. Luke's University Health Network, which owns St. Luke's Warren hospital in Phillipsburg, NJ, has been hiring college students to remotely monitor the vital signs of hospitalized COVID-19 patients.
- m. There have been no bond payment defaults from nonprofit health care systems since the pandemic became widespread in March of 2020. However, 12 health systems have had impairments. Funding from the CARES Acts and PPP loans were widely credited with helping health systems avoid defaults. In December, Fitch Ratings changed its outlook on the health care sector to stable from negative due to the advent of the vaccines and with an expectation that hospitals will not be asked to cancel elective surgeries, as many were required to do in the spring of

2020. Nevertheless, health systems in California are experiencing a second wave of financial crises.

10. New Jersey Hospital News

- a. CarePoint Health has announced it has signed a letter of intent to sell the operations of Christ Hospital and Hoboken University Medical Center to KPC Global Management, a California based investment group. The transfer will require KPC Global Management to assume the leases or acquire the property of both hospitals. A limited liability company controlled by Avery Eisenreich, the CEO of long-term care provider Alaris Health, owns a majority interest of the property of Hoboken University Medical Center and a minority share of the property of Christ Hospital. The principal owners of CarePoint own the majority interest in the Christ Hospital property. CarePoint and KPC will also need to reach a definitive agreement on the sale and any transaction will be subject to federal and State regulatory review. The letter of intent does not include Bayonne Medical Center, the majority interest in the operations of which are owned by the principals of CarePoint but the property was sold by a limited liability company controlled by Avery Eisenreich to a limited liability company primarily owned by Yon Moshe, the owner of Hudson Regional Hospital. The property owner has declared CarePoint in default on the lease and seeks to terminate the lease and take over operations. CarePoint has entered into an agreement to sell the operations of Bayonne Medical Center to BMC Hospital, LLC, made up of several owners of Surgicore, a chain of ambulatory surgery centers in New York and New Jersey. BMC Hospital, LLC has recently purchased a 9.9% interest in the operations of Bayonne Medical Center Operations and filed a Certificate of Need to acquire an additional 39.1% of the operations. Several of the parties are in litigation over the lease interests, ownership interests and proposed sales.
- b. On December 21st, the U.S. Third Circuit Court of Appeals upheld a December 8th lower court ruling denying the Federal Trade Commission's and Pennsylvania Attorney General's effort to block on antitrust grounds the merger of Einstein Healthcare Network into Thomas Jefferson University, the parent of Jefferson Health which owns the former Kennedy Health System in southwestern New Jersey. The combined system would have 38,800 employees, 18 hospitals and more than 60 outpatient and urgent care centers in southeastern Pennsylvania and southwestern New Jersey. The Pennsylvania Attorney General dropped his opposition to the merger in mid-January.
- c. The Lincoln Annex School, across from Robert Wood Johnson University Hospital in New Brunswick, has been transferred to the development company which intends on building an 11-story, 520,000 square foot Rutgers Cancer Institute of New Jersey Cancer Pavilion on the site. RWJBarnabas Health, which owns Robert Wood Johnson University Hospital, is partnering with the Rutgers Cancer Institute of New Jersey to construct the project. The project is expected to cost \$750 million, including the construction of a \$55 million replacement school elsewhere in New Brunswick.

- d. Hackensack University Medical Center, part of Hackensack Meridian Health, topped off its new Helena Theurer Pavilion on January 11th by placing the final beam. When the project is complete in fall of 2022, it will be a nine-story, 530,000 square foot facility with 24 operating rooms, 50 intensive care beds, 150 private patient medical/surgical rooms and a 50-bed orthopedic institute.
 - e. Hackensack Meridian Health has partnered with Quest Diagnostics to enhance the quality and value of diagnostic services to patients and doctors. Under the agreement, Quest diagnostics will manage laboratory operations and perform reference testing for 11 Hackensack Meridian Health hospitals under a long-term laboratory management agreement.
 - f. Jefferson Cherry Hill Hospital opened its new patient pavilion with all private rooms in early January. This is the final phase of its five-year, \$250 million campus revitalization project.
 - g. ROI-NJ published an extensive interview with Amy Mansue, who took over as CEO of Inspira Health in September. Ms. Mansue formerly served as a top-level executive at RWJBarnabas Health and before that CEO of Children’s Specialized Hospital.
11. Ratings Agency Actions and Publications
- a. Moody’s Investors Service and S&P Global Ratings have issued ratings of “Aa3” and “AA-”, respectively, on \$450 million in taxable bonds to be issued by Atlantic Health System. Both also affirmed those ratings on bonds issued by the Authority on behalf of Atlantic Health System in 2016, 2011 and 2008 and on taxable bonds issued by Atlantic Health System in 2015. Both ratings agencies assigned an outlook of “Stable” on all the bonds.
 - b. Moody’s Investors Service and S&P Global Ratings have issued ratings of “A3” and “A-”, respectively, on \$125 million of bonds to be issued on behalf of St. Luke’s University Health Network by the Bucks County Industrial Development Authority. Both also affirmed the same ratings on outstanding debt issued by or on behalf of St. Luke’s University Health Network. Both assigned an outlook of “Stable” to all the bonds.
 - c. S&P Global Ratings issued a comment entitled “Outlook for U.S. Not-For-Profit Acute Health Care: Navigating the Bumps While Getting Back on Track” with a negative view of the sector.
 - d. Fitch Ratings issued a Fitch Wire discussing how the pandemic has exacerbated labor issues which may affect nonprofit hospitals in the U.S. The labor issues may negatively affect the hospital’s Environmental, Social and Governance (ESG) Relevance Score creating a potential for these considerations to have a greater bearing on a hospital’s rating over time.
12. New Jersey Health Care News

- a. The 2018 law to end surprise medical bills for patients in New Jersey through arbitration has favored medical providers over patients 59% of the time, according to an analysis of 1,700 cases according to an article by Benjamin L. Chartock of the Health Care Management Department at the Wharton School at the University of Pennsylvania published in Health Affairs in early January.
 - b. Governor Murphy signed legislation on December 23, 2020 allowing Horizon Blue Cross Blue Shield of New Jersey to reorganize. Horizon, which covers 3.6 million New Jerseyans, will be able 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 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.
13. National Health Care News
- a. According to the Centers for Medicare & Medicaid Services (“CMS”), health care spending increased 4.6% in 2019 to \$3.8 trillion, which was 17.7% of the United States gross domestic product. The percentage increase was slightly lower than the 2018 increase, when health care costs made up 17.6% of the gross domestic product. Hospital care costs grew 6.2% in 2019 to \$1.2 trillion or 31% of health care spending. In 2018 hospital care costs increased only 4.2%.
 - b. The CMS rule requiring hospitals to disclose prices they negotiate for services with insurers became effective January 1, 2021, after the American Hospital Association and other hospital trade organizations lost their case to stop enactment of the rule in a federal appeals court. Several articles have been provided discussing the federal hospital price transparency rules, including CMS’s audit of a small sample of hospitals’ compliance.
 - c. Hospital margins continued to fall in November 2020, according to Kaufman Hall. Their December Flash report found that the median hospital operating margin in November was 2.5% when including funding from the CARES Act. Without the CARES Act funding, the median hospital margin would have been a negative 1.1%.
 - d. Medicaid expansion, part of the Affordable Care Act, reduced hospital uncompensated care costs by 53.3% and improved operating margins by 1.7 percentage points compared to pre-Medicaid expansion. The study was done by the Urban Institute, using American Hospital Association and CMS data, and published in Health Affairs on January 5th. The study also predicted Medicaid expansion will help hospitals recover from the pandemic.
 - e. In mid-December, Fierce Healthcare had five predictions for the hospital industry in 2021: (i) increased hospital consolidation; (ii) patient volumes will continue to be disrupted; (iii) the unstable payer mix could roil hospital finances; (iv)

telehealth visits will continue to skyrocket and (v) there will not be a major new round of relief funding.

- f. Haven, the joint health care venture of Amazon, JPMorgan Chase and Berkshire Hathaway announced it was disbanding after about three years. Health care CEOs have expressed several reasons they believed caused the collapse of the once heralded health care venture by the corporate behemoths.
14. Bond and Tax Legislation and Regulatory News
- a. President Biden has nominated Gary Gensler to chair the Securities and Exchange Commission (“SEC”). Mr. Gensler had previously served as chair of the Commodities Future Trading Commission during the Obama administration and was a partner at Goldman Sachs prior to that. The SEC oversees the Municipal Securities Rulemaking Board (“MSRB”), which regulates municipal bonds.
 - b. The Office of Municipal Securities at the SEC has indicated that improving timeliness of financial disclosures and transitioning away from the London Inter-Bank Offering Rate (“LIBOR”) as an interest rate and swap index will likely be priorities for 2021. LIBOR is scheduled to be discontinued after December 31, 2021 as a result of manipulation. Approximately \$44 billion of publicly offered municipal securities outstanding are LIBOR based and the discontinuation of LIBOR could have a significant impact on the municipal securities market.
 - c. The Securities Industry and Financial Markets Association (“SIFMA”) has updated its model disclosure documents for MSRB Rule G-17 to help dealers deal with the discontinuation of LIBOR at the end of this year.

As there was no further business, Dr. Kazmir asked for a motion to adjourn. After a motion by Mr. Lovell and a second by Mr. Paulino the Members voted unanimously to adjourn the meeting at 10:54 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 JANUARY 28, 2021.

Cindy Kline, Assistant Secretary