

Minutes of the New Jersey Health Care Facilities Financing Authority regular Meeting held on April 28, 2022 on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

The following *Authority Members* were in attendance:

Via telephone: Robin Ford, Designee of the Department of Health (Chairing); Manny Paulino, Designee of the Commissioner of Banking and Insurance; Greg Lovell, Designee of the Commissioner of Human Services; Dr. Munr Kazmir and Thomas Sullivan (joined at 10:31am), Public Members

The following *Authority staff members* were in attendance:

Mark Hopkins, Cara Lahr and Cindy Kline; and, via telephone, Frank Troy, Ron Marmelstein, Bill McLaughlin, Jessica Waite, Taryn Rommell, Michael Solidum, Tracey Cameron, John Johnson and Alpa Patel

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

Via telephone: Stephanie Gibson and Victoria Nilsson, Attorney General's Office; Jamera Sirmans, Governor's Authorities Unit; Dominick Zappia and Jerry Libby, Admiral Consulting Group; John Draikiwicz, Gibbons P.C.; Tamara Cunningham, RWJBarnabas

CALL TO ORDER

Executive Director Mark Hopkins called the meeting to order at 10:05 a.m. and announced that this was a regular meeting of the Authority, held in accordance with the schedule adopted at the May 27, 2021 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.

Mr. Hopkins recommended that in the absence of the Chair and Vice Chair, that a Chair pro tem be named. Dr. Kazmir nominated Robin Ford to serve as Chair pro tem for the April 28, 2022 meeting and Mr. Lovell seconded. Mr. Hopkins called for a vote. All Members voted in the affirmative and the motion carried.

1. APPROVAL OF MINUTES March 24, 2022 Authority Meeting

Minutes for the Authority's March 24, 2022 Meeting were distributed for review and approval prior to the meeting. Ms. Ford asked for a motion to approve the minutes. Dr. Kazmir made the motion. Mr. Paulino seconded. Ms. Ford asked if there were any questions or comments on the

motion. There were no questions or comments. Ms. Ford called for a vote. All Members voted in the affirmative and the minutes were approved.

**2. EXECUTION OF A TERMINATION/DISCHARGE OF THE INTERCREDITOR AND SUBORDINATION AGREEMENT WITH COMMUNITY LOAN FUND OF NEW JERSEY AND EXECUTION OF A SECOND INTERCREDITOR AND SUBORDINATION AGREEMENT WITH CAPITAL IMPACT PARTNERS
Village Drive Healthcare Urban Renewal, LLC**

Ms. Ford called on Taryn Rommell to explain to the Members the reasons for the termination/discharge of a certain intercreditor and subordination agreement and approval of the execution of a new agreement regarding bonds issued on behalf of Village Drive Healthcare Urban Renewal, LLC.

Ms. Rommell reminded Members that the Authority issued \$23 million in bonds on September 14, 2018 on behalf of Village Drive Healthcare Urban Renewal LLC (the Borrower) which was to be used with other funds to construct a low-income assisted living facility in Millville, New Jersey. Along with the \$23 million dollar bond issue, the plan of finance included a \$5.7 million subordinate bridge loan from Community Loan Fund of New Jersey. The Authority executed an Intercreditor and Subordination Agreement in connection with that loan.

According to Ms. Rommell, the Authority recently received information from the Borrower that the bridge loan will be refinanced with a new \$5.7 million dollar Subordinate Loan from Capital Impact Partners with more favorable terms for the Borrower. The attached substantially final form of a Second Intercreditor and Subordination Agreement would replace the initial Intercreditor and Subordination Agreement dated September 1, 2018. There is also a Termination/Discharge of the Intercreditor and Subordination Agreement with the Community Loan Fund of New Jersey which will need to be executed. This document is attached as well. The Attorney General's Office and John Draikiwicz, Bond Counsel, have reviewed the documents and have no objection to their approval. Bondholders' consent will be required before an Authorized Officer of the Authority will execute the documents.

Ms. Rommell noted that Mr. Draikiwicz has prepared the attached resolution approving the documents and authorizing and directing an Authorized Officer of the Authority to execute and deliver same provided that all conditions have been met. Staff recommends that Authority Members approve the resolution.

Ms. Rommell then said that she or Mark Hopkins would be happy to answer any questions the Members may have.

Mark Hopkins added that John Draikiwicz was available on the call to answers any questions as well.

Ms. Ford stated that the revised resolution was sent to Members via email this morning. Mr. Hopkins confirmed. Ms. Ford directed Members to review the revised resolution sent at 9:51am this morning and asked if there were any questions, which there were none.

Ms. Ford then asked for a motion to approve the resolution authorizing the execution of a Termination/Discharge of the Intercreditor and Subordination Agreement with Community Loan Fund of New Jersey, and authorize the execution of a Second Intercreditor and Subordination Agreement with Capital Impact Partners with respect to bonds issued on behalf of Village Drive Healthcare Urban Renewal, LLC. Dr. Kazmir made the motion. Mr. Paulino seconded. Ms. Ford asked if the Members had any questions on the motion. There were no questions. All Members voted in the affirmative and the resolution was approved.

AB RESOLUTION NO. 2022-04-A

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves the Resolution entitled, **“RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A TERMINATION/DISCHARGE OF A INTERCREDITOR AND SUBORDINATION AGREEMENT WITH COMMUNITY LOAN FUND OF NEW JERSEY, INC. AND A SECOND INTERCREDITOR AND SUBORDINATION AGREEMENT WITH CAPITAL IMPACT PARTNERS RELATING TO THE ISSUANCE OF NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY REVENUE BONDS, VILLAGE DRIVE HEALTHCARE URBAN RENEWAL ISSUE, SERIES 2018.”**

(attached)

3. APPROVAL OF THE ENGAGEMENT OF ADMIRAL CONSULTING GROUP TO DESIGN AND CREATE A TRUSTEE HELD FUND ACCOUNTING SYSTEM IN MICROSOFT DYNAMICS

Ms. Ford called on Alpa Patel to provide the Members with the details of the recommendation to engage Admiral Consulting Group in order to design and create a trustee held fund accounting system in the Authority’s Microsoft Dynamics software.

Ms. Patel began by introducing Dominick Zappia of Admiral Consulting Group, who was participating by telephone.

Ms. Patel stated that the Authority’s previous auditors, Mercadien, recommended automation of a double entry Trustee Held Funds General Ledger accounting. This would provide greater accuracy, be more efficient and provide consistency, rather than the Excel spreadsheet-based accounting system in place.

Ms. Patel noted that in response the Authority prepared a Request for Proposals to automate the Trustee Held Funds General Ledger. Notices regarding the RFP were placed on the Authority's website and the State of New Jersey's Business Opportunity website. Advertisements were placed in The Star-Ledger and The Courier Post. Staff also sent the RFP to the list of seventeen potential firms qualified to bid, which was provided to the Members in the board meeting packet.

According to Ms. Patel, the RFP included a description of the Authority, purpose and intent of the RFP, project objectives and specifications, methodology to be used in analyzing proposals, a form of a proposed fee schedule, and the Authority's standard terms and conditions.

A mandatory bidder's conference was held on March 10, 2022 and attended by one potential bidder.

The deadline for the proposals was March 28, 2022 and one proposal was received from Admiral Consulting Group.

Ms. Patel stated that Admiral is a Microsoft Gold ERP, CRM, and Cloud Solution Provider delivering business software solutions to growth, midsize, and small enterprise companies for over 20 years. The firm is based in New Jersey and has 35 employees who design and install enterprise software solutions for clients in professional and financial services.

Within the RFP, Bidders were asked to submit a proposal using the existing Microsoft Dynamics SL 2011 program, however, would consider updating the existing program to a more current platform if advisable and economical.

Admiral initially provided a bid that used the existing Dynamics SL 2011 system. After review of the proposal, staff contacted Admiral to discuss their proposal and use of a more current platform instead. Following that discussion, staff and Admiral agreed to a revised bid proposal to upgrade and not use the existing system. The revised proposal was \$14,800 less than the initial proposal of \$62,900.

The revised proposed fee schedule totaled \$59,843.84. \$48,100 for professional services to implement the project and \$11,743.84 for the software components of the project. The software includes Dynamics SL 2018 Business Ready Essentials for four users at \$9,000; a cash manager function at \$500; four SQL Runtime CAL functions at \$624; and annual maintenance at \$1,619.84. Additionally, the fee proposal includes reasonable out of pocket expenses like mileage, parking, tolls, and meals, if necessary.

Ms. Patel informed Members that the contract will be effective for a period of 180 days. The Authority, at its sole option, may extend the term of the agreement for up to an additional one year period for post implementation maintenance and support. In the event the agreement is extended, all of the original terms will remain in effect, which would then include a fee of \$185 per hour that was proposed for post-implementation support. All prices shall be firm and not subject to increase during extension.

Ms. Patel explained that before Admiral can begin their implementation, the Authority will need to install the necessary hardware and network components. These expenses were budgeted at \$15,000, and were included in the 2022 budget approved by the Members at the December 16th, 2021 meeting.

Ms. Patel concluded by informing the Members that the evaluation committee reviewed the submitted proposal using the criteria mentioned in the RFP, and found Admiral met the requirements.

Therefore, staff is recommending the Member's consideration to award the contract for the implementation of the Automation of Trustee Held Funds General Ledger Accounting to Admiral Consulting Group.

Ms. Patel then said that she, John Johnson, or Ron Marmelstein would be happy to answer any questions the Members might have.

Mr. Lovell asked how long it will take to update the Authority's software system in order for Admiral Consulting Group to install the required hardware.

Ron Marmelstein stated that we are going to be keeping the 2011 version mainly for the operations side of the Authority, but the updated 2018 version will be updated for the trustee held funds portion.

Ron then called on John Johnson to verify the software updates needed. John Johnson stated that the Authority will need to install the new hardware and the operating system in order for Admiral to install the new version of Microsoft Dynamics. He then stated that we are going to procure the server and the operating systems for that purpose.

Mark Hopkins asked John Johnson how long it will take to get the software and hardware set up before Admiral can come in to set up our new system. John Johnson stated that he put a quote in with Dell, which is not guaranteed, but expected to be about 30 days. It shouldn't take more than a week to put everything in.

Mr. Lovell then asked if this would affect the agreement with Admiral Consulting. Dominick Zappia from Admiral Consulting stated that it will not affect the agreement.

Robin Ford then asked about training for the Authority staff. She asked the consultants to explain what the plan is to train the Authority staff so they become self-sufficient once the hardware, software, and new program are complete.

Dominick Zappia stated the Authority staff is already using the SL system, so the learning curve will not be that drastic because the product is already familiar to them. He assured Members that training could be done on site at the Authority, or remotely. He stated that training should be between 1 to 2 days depending on the level of the user.

Robin Ford then asked Mark Hopkins how many staff the Authority is planning to have trained on the new system.

Mark Hopkins stated that we will have four licenses for four Authority staff to use the system, and those four users can pass the training on to any subsequent users who may need to use the system in the future. He also stated that this would be the reason for the \$185 per hour fee for additional training or anything else that arises that staff need addressed.

Ms. Ford then asked if Authority staff have training in Tableau.

Mr. Zappia stated that they will be using the native reporting tool in SL, which is Management Reporter. He stated that Tableau was just a suggestion, and will not be utilized at the Authority unless something more than Management Reporter is needed.

Ms. Ford then confirmed that even though the system will be upgraded to the 2018 version, Management Reporter will be good to use still, and Mr. Zappia agreed.

As a side note, Ms. Ford added that, as an option in the future, the Department of Health does training on the Tableau software program. Mr. Hopkins thanked Ms. Ford for the offer and stated that once the system is fully up and running we may look into using other software programs within the new system, but expects staff to be able to easily access reports through Microsoft Dynamics.

Ms. Ford asked for a motion to adopt the resolution to engage Admiral Consulting Group to design and create a trustee held fund accounting system in Microsoft Dynamics. Mr. Lovell made the motion. Dr. Kazmir seconded. Ms. Ford asked if the Members had any questions on the motion. There were no questions. All Members voted in the affirmative and the resolution was approved.

AB RESOLUTION NO. 2022-04-B

NOW, THEREFORE, BE IT RESOLVED, STAFF IS AUTHORIZED TO ENGAGE AND AN AUTHORIZED OFFICER OF THE THE AUTHORITY IS AUTHORIZED TO ENTER INTO A CONTRACT WITH ADMIRAL CONSULTING GROUP, LLC TO DESIGN AND CREATE A TRUSTEE HELD FUND ACCOUNTING SYSTEM IN MICROSOFT DYNAMICS, AS DESCRIBED IN THE RFP ISSUED BY THE AUTHORITY AND ACCORDING TO THE PROPOSAL SUBMITTED BY ADMIRAL CONSULTING GROUP, LLC

4. AUTHORITY EXPENSES

Ms. Ford referenced a summary of Authority expenses and invoices provided to the Members. Dr. Kazmir made the motion to approve the expenses. Mr. Paulino seconded. Ms. Ford asked if there were any questions or comments on the motion. There were no questions or comments. Ms. Ford then called for a vote. All Members voted in the affirmative. The resolution was approved to approve the bills and to authorize their payment.

AB RESOLUTION NO. 2022-04-C

WHEREAS, the Members of the Authority have reviewed the memoranda dated April 20, 2022 summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses in the amount of \$10,500.00 and \$63,742.75, 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.

5. STAFF REPORTS

Ms. Ford stated staff reports were distributed to the Members for review before the meeting, and asked if there were any questions, to which there were none.

Ms. Ford then asked Executive Director Hopkins to present his Executive Director's report.

Mr. Hopkins' report is as follows:

1. Authority Members and Senior Staff are reminded that they are required to file Financial Disclosure Statements with the State Ethics Commission by no later than May 15, 2022. Filings must be made electronically through the State Ethics Commission website. Late filers will be subject to a fine of up to \$50 per day. Authority Members are required to file the somewhat less onerous disclosure for Public Officers (not Public Employees). If you have any questions about the process, please do not hesitate to call me or Robin Piotrowski, the Authority's Ethics Liaison Officer.
2. Authority Members are directed to the blank slate of officers and suggested meeting dates provided in your meeting packets. The Authority Members will be asked to elect officers and vote on meeting dates at our annual meeting next month.
3. On March 24th, the State Senate approved the nomination of Sarah Adelman to be Commissioner of the Department of Human Services. Ms. Adelman has been serving as

Acting Commissioner of the Department of Human Services since January of 2021 and was Deputy Commissioner prior to that.

4. Coronavirus News

- a. Governor Murphy ended the mask mandate on New Jersey Transit on April 19th, one day after a federal judge in Florida struck down the federal mask mandate on all public transportation, which had been extended on April 13th by the Centers for Disease Control and Prevention for two additional weeks through May 3rd. The Biden Administration is not currently enforcing the mask mandate but is appealing the decision.
- b. With fewer people getting tested for COVID due to milder symptoms of the Omicron variant, added to the fact that many of the people who get tested are using at-home rapid tests that do not get reported to health departments, it has become more difficult to predict COVID infection prevalence and trends. One early warning system available is the testing of sewage. A Columbia University engineering professor has been testing wastewater treatment plants belonging to the Bergen County Utilities Authority since May of 2020. The data from his study of Bergen County's wastewater has accurately predicted COVID trends in the region. These trends can serve as an early warning system for outbreaks.
- c. The New Jersey Department of Health believes from the data it collects that the current surge in COVID cases will peak in late April or early May. 3,800 new infections a day are possible but hospitals are predicted to have sufficient capacity.
- d. The National Bureau of Economic Research published a working paper in early April about how state government policies on COVID impacted each state's economy, education and mortality. The paper was authored by University of Chicago economist Casey Mulligan and principals of the Committee to Unleash Prosperity Steve Moore and Phil Kerpan. According to the paper, Utah ranked first based on the combined score of the three categories. Nebraska and Vermont were second and third. The study found that most of the states that performed poorest in the combined categories had the strictest lockdowns and were the last to open schools. New York ranked 49th, the District of Columbia 50th and New Jersey ranked last in the combined scores.
- e. The Food and Drug Administration ("FDA") has approved the first breath test for COVID. Called the InspectIR COVID-19 Breathalyzer, the device was 91.2% accurate at identifying positive samples and 99.3% accurate at identifying negative samples. The device is about the size of a piece of carry-on luggage.
- f. A large study found that vaccinated pregnant women are 1.91 times more likely to get a breakthrough COVID infection. That was worse than patients with solid organ transplants or an immune system deficiency, who were 1.83 times and 1.63 times more likely to get a breakthrough COVID infection, respectively.

- g. The FDA has approved a second mRNA vaccine booster at least four months after getting the first booster for those over 50 or with compromised immune systems. Some experts are split on whether a second booster is urgently needed for most people as COVID cases are starting to decline.
- h. Moderna has been testing a bivalent COVID booster shot that has been designed to protect against both the original and beta variants of COVID. The booster has been shown to be effective against other variants as well. Moderna is now working on another bivalent booster to protect against the original strain and Omicron.
- i. A new oral treatment for COVID is undergoing clinical trials. A phase 3 study showed sabizabulin, created by biopharmaceutical company Veru, reduced the death of patients hospitalized with COVID by 55%. It is one of the few drugs that are meant to treat patients with moderate to severe symptoms who are at high risk of Acute Respiratory Distress Syndrome. The two oral medications approved to treat high risk COVID patients thus far are designed for mild to moderate symptoms and must be administered during the first five days of symptoms to be most effective. Sabizabulin has been fast-tracked and may be available by the fall if it successfully gets through the FDA approval process.

j.

(Mr. Sullivan joined the meeting by telephone at this point)

- k. A large study of more than 1,300 people with COVID in Brazil showed that ivermectin, normally used to treat parasitic infections, was not effective in treating COVID. The study was published in the New England Journal of Medicine.
- l. Patients avoided hospitals and regular checkups during the pandemic and are now presenting with more serious health issues due to delayed care and are causing backlogs.
- m. 2021 was the deadliest year in U.S. history largely due to COVID and overdose deaths. There were 3.465 million deaths in 2021, up 80,000 from 2020. COVID deaths increased from 351,000 in 2020 to 415,000 in 2021. Overdose deaths in 2021 were 105,000, up from 93,000 in 2020.
- m. Congress passed and the President signed a \$10 billion COVID aid package earlier this month. The original request was for \$22.5 billion.

5. New Jersey Hospital News

- a. Hackensack Meridian Health and Englewood Health have announced they will no longer seek a merger after the U.S. Third Circuit Court of Appeals denied their appeal from a District Court's ruling that upheld the Federal Trade Commission's ("FTC") denial of the merger on the grounds the merger could stifle competition

and potentially raise prices. The systems had reached a definitive agreement to merge in October 2019 and the FTC moved to block the merger in December 2020 by a 5 to 0 vote.

- b. The State Health Planning Board tabled until June a vote on the acquisition of an additional 39.1% of the operating company of Bayonne Medical Center by BMC Hospital LLC due to the plan of another of the owners of the Bayonne Medical Center operating company to put his ownership interest into a nonprofit. If approved, BMC Hospital LLC would have a 49% ownership interest, as it already owns 9.9% of the Bayonne Medical Center operating company from a transaction that did not need approval from the Department of Health because it was less than a 10% ownership interest. The building and property of Bayonne Medical Center is owned by an affiliate of Hudson Regional Hospital, which has threatened to evict the current operators for defaults under the lease, which are not related to nonpayments, and would prefer to turn operations over to Hudson Regional Hospital.
- c. University Hospital has been working with architectural firm Gensler on a plan to overhaul its campus in Newark. The hospital was built in 1979 and has had only patchwork improvements since. Its emergency room was designed to handle about 50,000 visits per year but experiences nearly 100,000. It is believed a new building will be needed to meet the needs of the hospital.
- d. Some residents of Teaneck have sued the town to overturn its approval of zoning ordinances recently passed to accommodate expansion plans of Holy Name Medical Center. Five new multistory buildings are planned near or adjacent to the hospital over the next two decades as well as parking and day care.
- e. Hackensack Meridian Health's Theurer Cancer Center is expanding to the system's Jersey Shore University Medical Center's HOPE Tower in Neptune. The center can offer cutting edge treatments like bone marrow transplants, and CAR T-cell therapy for lymphoma, leukemia and myeloma.
- f. Capital Health is developing a micro-hospital next to Oxford Valley Mall in Middletown, Pennsylvania with Anchor Health Properties. A 19,000 square foot addition will be added to an existing 53,220 square foot facility which was formerly a bariatric surgery center and which was purchased by Capital in 2019. The facility will house multiple surgical specialties and other non-surgical specialties with inpatient and outpatient services but no emergency room.
- g. Atlantic Health System was one of eight hospital systems named among Fortune's 100 Best Companies to Work For.
- h. Bob Garrett, CEO of Hackensack Meridian Health, spoke at a national health care summit sponsored by Politico about the "moral and strategic imperative to eliminate unacceptable gaps in outcomes based on race and ethnicity" in health care. Among the ways to eliminate the gaps was addressing social determinants of

health such as access to healthy food and physical activity, education, job opportunities and housing. Other national health care thought leaders attended the event, including Health & Human Services Secretary Xavier Becerra and St. Joseph's Health CEO Kevin Slavin.

- i. Mr. Garrett and Mr. Slavin also penned a letter in Becker's Hospital Review in response to the conviction of a Vanderbilt University Medical Center nurse for the death of a 75-year-old patient due to a medical error. They were troubled that a health care professional was facing prison for a medical mistake, arguably caused by a technical problem with an electronic system that dispensed drugs. They noted that, fortunately, health care workers in New Jersey have protections for unintentional mistakes under its Patient Safety Act. Such laws encourage health care workers to report mistakes or missteps so they are not repeated, thus improving safety and transparency. Mr. Garrett and Mr. Slavin also vowed to stand with front-line health care staff if they err.
- j. John Brooks Recovery Center is now offering a residential gambling treatment program at its new facility in Mays Landing that was financed by the Authority. The Mays Landing facility was initially built as a residential facility to treat substance use disorder but has added treatment for people with a co-occurring gambling disorder along with a diagnosis of substance use disorder. The gambling disorder treatment program is being funded by the New Jersey Division of Mental Health and Addiction Services. John Brooks also offers outpatient gambling and substance use disorder treatment programs at its outpatient sites in Pleasantville and Atlantic City.

6. Ratings Agency Actions

- a. Moody's Investors Service has upgraded about \$122.4 million of bonds issued by the Authority on behalf of Saint Peter's University Hospital from Ba1 to Baa3. The outlook remains positive. The upgrade was based on material improvements in margin driven by the additional funding benefits available to Saint Peter's from New Jersey's recently enacted County Option Hospital Fee Pilot Program, as well as additional funding under the State's charity care program and more favorable payor contracts.

7. New Jersey Health Care News

- a. Governor Murphy has released his administration's plan to improve health care affordability in New Jersey pursuant to his Health Care Affordability, Responsibility and Transparency Program, known as the HART Program. Under the direction of the Office of Health Care Affordability and Transparency, launched by Governor Murphy a couple of years ago, the Interagency Health Care Affordability Working Group released a blueprint late last month on steps to take

to achieve the HART Program's goals. The working group consisted of representatives from the New Jersey Departments of Health, Human Services, Banking and Insurance and Treasury along with the Division of Consumer Affairs and relevant stakeholders and experts. An article and the blueprint have been provided to Authority Members.

- b. A NJ Spotlight article on the importance of establishing a State Public Health Institute has been provided. It offers examples of the benefits of creating such an institute, which has been recommended by a report from The Nicholson Foundation, Robert Wood Johnson Foundation and the National Network of Public Health Institutes, in concert with the New Jersey Department of Health. Nonprofit Public Health Institutes exist in many other states and can address health care inequities, among other broad problems in health care.
- c. A 2020 New Jersey law aimed at reducing complications and mortality in childbirth has proven to be effective. Based on a program started by RWJBarnabas Health in 2015, and in coordination with the New Jersey Hospital Association, Nurture NJ and the related laws passed to support it, have reduced births by cesarean section by 27.8%. C-sections, which carry a significantly higher risk of complications and mortality, are sometimes required but are often performed when not required. There are also guidelines for health care providers to ask certain questions of expectant mothers and look for certain risk factors to help lower New Jersey's relatively high maternal mortality rate, which disproportionately impacts minorities. Additionally, post-natal programs, such as telehealth visits and support groups, have been set up for when after the mother and baby are released from the hospital.
- d. According to the Economic Impact Report from the New Jersey Hospital Association, New Jersey hospitals contributed \$27.8 billion directly into New Jersey's economy in 2020. Multiplying those contributions across business and communities, the total impact of New Jersey hospitals was estimated to be \$62 billion.
- e. Despite more nurses graduating, hospitals are still short-staffed in New Jersey. Nurses are retiring more quickly than nurses can be trained, a trend that has been exacerbated by the pandemic.
- f. Andy Aronson, CEO of the Health Care Association of New Jersey, which represents long-term care facilities, sat for an interview with ROI-NJ. Mr. Aronson defended the response of long-term care facilities during the pandemic, arguing the industry did not get a fair shake as it did remarkably well under the circumstances. He also cast some of the blame on the State's antiquated payment system for hindering long-term care facilities response to the pandemic by not paying enough to provide adequate staffing.

8. National Health Care News

- a. Becker's Healthcare summarized nine health care takeaways from President Biden's \$5.8 trillion budget.
- b. Hospital margins are sinking as expenses rise and COVID relief has run out, according to a Kaufman Hall report. Expenses have increased substantially for both supplies and labor in the last year.
- c. With many experts predicting a recession, Becker's Healthcare discusses the risks for hospitals, a sector once thought to be relatively recession-proof. Changes in health care since the Great Recession of 2007 through 2009, including more consumer choice as a result of increased use of high-deductible health plans, are likely to make hospitals more sensitive to the impact of a recession. The more challenging current labor market is also likely to impact hospitals if there is a recession.
- d. The Centers for Medicare and Medicaid Services ("CMS") has proposed to raise hospital payments 3.2% for fiscal year 2023. The American Hospital Association ("AHA") has criticized the proposed increase as unacceptable considering inflation and rising labor costs. The AHA also noted cuts in uncompensated care payments may result in a net decrease in payments for some.
- e. CMS is proposing a 3.9% increase in payment rates to nursing homes but plans a 4.6% cut to the Patient-Driven Payment Model, reducing Medicare funding by \$320 million. Analysts call the proposed cuts potentially ruinous. The proposed payment rates are not final and subject to public comment.
- f. Several articles have been provided on the continued difficulty hospitals are having finding and retaining staff. Many are paying staff significantly more, which may not be sustainable. Even with the billions of dollars in COVID aid, hospitals are finding it hard to pay staff enough to retain them. With COVID aid coming to an end the additional pay will be a drag on hospitals' bottom lines.
- g. Community health centers, which played an important role in the pandemic response, are similarly struggling to attract and retain health care staff.
- h. CMS is requesting input from stakeholders on whether to include staffing turnover at nursing homes as a measure included in CMS's skilled nursing facility value-based purchasing program.
- i. Kaufman Hall reported hospital merger and acquisition activity slowed in the first quarter of 2022, with 12 announced transactions, the lowest since it began tracking activity in 2016.
- j. CMS released data indicating there were 350 changes in hospital ownership between 2016 and 2021 and over 3,000 changes in nursing home ownership.

Changes in ownership were more common among medium and large hospitals and also more common for hospitals with negative profit margins.

- k. The AHA responded to a Federal Trade Commission and Department of Justice request for feedback to guideline revisions for review of hospital mergers for potential antitrust violations. The AHA said it believed the guidelines did not need major revisions and advised against changing the guidelines “too often or too dramatically” because it could destabilize the hospital industry.
- l. The slowdown of COVID has not lead to a large increase in patients returning to health care, with patient volumes continuing to stay relatively low. Both inpatient and outpatient volumes are down, with the expected rebound from COVID never fully materializing. This is hurting the bottom line of health care providers and leading to concern that deferred care will lead to more serious illness.
- m. In a report dedicated to the intersection of climate change and health care, Deloitte discussed how sustainability initiatives can mitigate climate risks and advance health equity.
- n. Becker’s Healthcare examined the ambulatory surgical center market in the northeast. One interesting observation was that New Jersey has over 300 ambulatory surgical centers for a population of 9 million while across the river New York has only 157 ambulatory surgical centers for a population of 20 million.

9. Bond and Tax Legislation and Regulatory News

- a. Two articles from The Bond Buyer are included on disclosing of environmental, social and governance (“ESG”) impact on municipal bonds being considered by the Securities and Exchange Commission (“SEC”) and the Municipal Securities Rulemaking Board (“MSRB”). The Utah State Treasurer recently said the MSRB’s request for information on ESG considerations in the muni market represents a dangerous attempt to bring politics into the realm of public finance. Officials from numerous other states objected to the MSRB’s request for ESG information.
- b. Kaufman Hall issued an article on the growing influence of ESG investing in nonprofit health care and the pros and cons of committing to ESG disclosure.
- c. Deutsche Bank is predicting the U.S. will enter into a recession in 2023. A Markets Live weekly survey, with 525 respondents, showed 15% believed a recession would start this year, nearly half believed a recession would start in 2023, 21% believed it would start in 2024 and 16% believed one would start in 2025 or later. Today it was announced the GDP fell 1.4% in the first quarter of 2022.

10. Authority News

- a. The New Jersey Civil Service Commission has approved and issued guidelines for a Telework Pilot Program wherein eligible State employees can telework up to two days per week. Only employees who can productively, effectively and efficiently do work remotely are eligible to participate in the pilot program. There are additional eligibility requirements and all employees and supervisors participating in the pilot program must participate in telework training provided by the Civil Service Commission. The pilot program will be in effect through June 30, 2023 and employees must apply to participate in the program and receive approval. The Authority has prepared a draft Telework Pilot Program Plan to the Civil Service Commission, who must review it and provide a recommendation to the Director of the Governor's Authorities Unit. The Director may approve or deny the Authority's Telework Pilot Program Plan. If the plan is approved, I will present it to the Authority Members at our next meeting.

- b. The Authority welcomed Cara Lahr as the new part-time Communications Specialist on April 18, 2022. Ms. Lahr joins us from Conner Strong & Buckelew where she worked as a Technical Assistant since October 2020. Prior to that she was a Content Marketing Specialist at Creole Cuisine Restaurant Concepts, a Summer Copywriting Intern at FSC Interactive, Communications Specialist at Temple Sinai in New Orleans and a Copy Editor/Writer at Resolvit. She has a Bachelor of Arts degree in French from Tulane University where she minored in business and history.

Ms. Ford thanked Mark for his report.

6. ADJOURN

As there was no further business, Ms. Ford asked for a motion to adjourn. Dr. Kazmir made the motion. Mr. Lovell seconded. Ms Ford asked if there were any questions on the motion. There were no questions. She then called for a vote. All Members voted in the affirmative.

The meeting was adjourned at 10:51 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 APRIL 28, 2022.

Cindy Kline, Assistant Secretary