

Minutes of the New Jersey Health Care Facilities Financing Authority regular Meeting held on May 26, 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; Manny Paulino, Designee of the Commissioner of Banking and Insurance; Greg Lovell, Designee of the Commissioner of Human Services; David Brown II (chairing); and Dr. Munr Kazmir, 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, Alpa Patel, Taryn Rommell, Michael Solidum, and Tracey Cameron

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

Via telephone: Stephanie Gibson and Victoria Nilsson, Attorney General's Office; Dorian Smith. Governor's Authorities Unit

CALL TO ORDER

Mr. Brown called the meeting to order at 10:05 a.m. and announced that this was the Annual 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.

1. APPROVAL OF MINUTES April 28, 2022 Authority Meeting

Minutes for the Authority's April 28, 2022 Meeting were distributed for review and approval prior to the meeting. Mr. Brown asked for a motion to approve the minutes. Dr. Kazmir made the motion. Ms. Ford seconded. Mr. Brown asked if there were any questions or comments on the motion. There were no questions or comments. Mr. Brown-called for a vote. All Members voted in the affirmative, except Mr. Brown who abstained, and the minutes were approved.

2. NEGOTIATED SALE REQUEST Equipment Revenue Note Program

Mr. Brown called on Michael Solidum to present to the Members the details of the request for a negotiated sale in the form of a private placement for the Equipment Revenue Note Program.

Mr. Solidum began by referencing the Authority's Equipment Revenue Note Program, which offers borrowers a quick turnaround for financings no greater than \$60 million for the purpose of acquiring equipment or retrofitting a facility for equipment.

Mr. Solidum noted that at prior meetings of the Authority, the Members pre-approved the use of a negotiated private placement for financings completed under this Program. A predetermination of this method of sale is permitted under Executive Order #26 and was requested by the Authority's Advisory Panel in order to complete these transactions in a more efficient and timely manner.

Therefore, Mr. Solidum explained, the Members were provided with a Resolution for consideration which extends the ability to use negotiated private placements for the Equipment Revenue Note Program through May 31, 2023.

Mr. Solidum asked if there were any questions, which there were none

Mr. Brown then asked for a motion to approve the negotiated sale in the form a private placement for the Authority's Equipment Revenue Program. Dr. Kazmir made the motion. Ms. Ford seconded. Mr. Brown 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. 2022-05-A

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the resolution entitled **"RESOLUTION OF INTENT TO ISSUE EQUIPMENT REVENUE NOTES BY NEGOTIATED TRANSACTION PURSUANT TO EXECUTIVE ORDER NO. 26."**

(attached)

3. AMENDMENTS TO THE AUTHORITY'S BY-LAWS

Mr. Brown called on Mark Hopkins to present a request to amend the Authority's By-Laws.

Mr. Hopkins noted that the Authority's By-Laws have not been updated since January 3, 2012. Staff is proposing several changes to the By-Laws in order to modernize them. The proposed amended By-Laws were provided to the Authority Members in their meeting packets with an update provided by email Tuesday. Included were the following changes:

1. Gender specific titles and pronouns have been changed to non-gender specific throughout and minor typographical errors were corrected.

2. Reference to the Board has been replaced with governing body of the Authority or members of the Authority throughout.
3. The Department of Health and Senior Services has been replaced with the Department of Health throughout to reflect the current name of the Department.
4. With regard to meetings mentioned in Section 2.8, in addition to reference to in-person and telephonic meetings; telephonic meetings was changed to teleconference meetings, and video conference meetings are added as a method of meeting.
5. Also in Section 2.8, instead of requiring a public notice of a meeting to be mailed to at least two newspapers, such notice can be transmitted to two newspapers including by mail, facsimile, email or other electronic transmission provided that the transmission satisfies the requirement of the Open Public Meetings Act (which currently still requires notice by mail) and is preferable and effective to the newspapers.
6. The requirement for Members of the Authority and its Treasurer be covered by a surety bond in Section 2.21 is being removed because the subject is covered in the Authority's enabling legislation.
7. Article III has been replaced in its entirety to reference to the Authority's enabling legislation because it merely restates the powers granted in the Authority's enabling legislation.
8. The indemnification provisions in Article V have been amended and/or restated to reflect the current standard indemnification provisions recommended by the Attorney General's Office for State entities similar the Authority.
9. Section 7.1 is amended to allow only members of the Finance Committee or alternates to attend Finance Committee meetings. This change was made to eliminate the requirement of holding public meetings of the Finance Committee and requiring public notice of same. This also necessitates the removal of Section 7.8 which allowed all Authority Members to attend the Finance Committee meetings.
10. Section 7.4 removes the requirement for public notice of Finance Committee meetings because meetings of less than a quorum are not required to be public meetings.
11. Because Finance Committee meetings will not be public there is no need to have a provision for an Executive Session or minutes, which resulted in the removal of Sections 7.5 and 7.6 from the proposed amended By-Laws.

Mr. Hopkins stated that the Authority's Staff recommends the approval of these amendments to the By-Laws. Mr. Hopkins then asked if anyone had any questions.

Mr. Brown asked for a motion to adopt the proposed resolution to amend the Authority's By-Laws. Dr. Kazmir made the motion. Mr. Lovell seconded. Mr. Brown 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. 2022-05-B

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves the “AMENDMENTS TO THE AUTHORITY’S BY-LAWS” as proposed, which amendments have been provided to the Authority Members prior to this meeting and are attached to these minutes.

4. APPROVAL OF TELEWORK PILOT PROGRAM PLAN

Mr. Brown called on Mr. Hopkins to explain the details of the proposed Telework Pilot Program Plan for the Authority.

Mr. Hopkins stated that on April 6, 2022, the Civil Service Commission issued an order establishing a Telework Pilot Program for employees of the State’s executive branch departments, agencies and authorities that are covered under the Civil Service Act. Pursuant to the order, employees determined to be eligible to telework by the nature of their job duties and their performance, can telework from an alternative worksite up to two days per week. Because it is a pilot program it will be effective for only one year, through June 30, 2023.

Mr. Hopkins explained that each executive branch department, agency and authority is required to create a Telework Pilot Program Plan that complies with the Model Telework Program attached to the Civil Service Commission’s April 6, 2022 order. Among many other requirements, the Model Telework Program requires each employee wishing to telework to: (i) submit an application/self-certification for telework with a self-assessment questionnaire, which becomes the telework agreement between the employee and the employer, if approved; (ii) undergo telework training provided by the Civil Service Commission prior to starting telework; and (iii) receive an in-person performance evaluation from their supervisor within 45 days of the start of telework, to lay out specific performance expectations and evaluation related to the employee’s telework in addition to normal performance expectations and evaluation.

According to Mr. Hopkins, the New Jersey Health Care Facilities Financing Authority is not covered by the Civil Service Act, but both the Civil Service Commission and the Governor’s Authorities Unit have authorized agencies and authorities like the Authority, who are not covered by the Civil Service Act, to voluntarily apply for approval of a Telework Pilot Program Plan as long as it conforms to the Civil Service Commission’s Model Telework Program.

Mr. Hopkins noted that Senior Staff and the Authority’s Human Resources Manager prepared a Telework Pilot Program Plan and submitted it to the Civil Service Commission, which reviewed it and made recommendations. Upon amending the plan in conformance with the Civil Service Commission’s recommendations into the Telework Pilot Program Plan it was ultimately approved

by the Director of the Governor’s Authorities Unit on April 28, 2022. This Telework Pilot Program Plan was provided to Authority Members in their meeting packets.

Mr. Hopkins continued that applicants for the Telework Pilot Program will have their applications/self-certifications and self-assessment questionnaires reviewed by each supervisor in the chain of command, including their Division Director, as well as the Human Resources Manager. Each must find the employee is eligible by nature of their job duties and performance record and make a recommendation whether to approve or not approve the telework application. Final approval is up to the Executive Director, which will be based on the recommendations of the employee’s supervisor(s) and the Human Resources Manager.

Mr. Hopkins stated that Senior Staff recommends the Authority Members approve the Telework Pilot Program Plan which was provided in their meeting packets. Mr. Hopkins welcomed any questions from the Authority Members.

Mr. Brown asked for a motion to approve the Telework Pilot Program Plan. Dr. Kazmir made the motion. Mr. Lovell seconded. Mr. Brown 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. 2022-05-C

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves **AUTHORITY’S TELEWORK PILOT PROGRAM PLAN** as presented.

5. OLD/NEW BUSINESS

**Election of Officers
2022/2023 Meeting Calendar**

Mr. Brown announced that the May meeting serves as the Authority’s Annual Meeting and therefore, the Members are required to elect officers and approve meeting dates for the upcoming year. Mr. Brown asked for nominations for the officers.

a. Election of Officers

Robin Ford made the following nominations:

Officers of the Authority

Vice Chair	David Brown
Secretary	Thomas Sullivan
Assistant Secretaries	Cindy Kline Ron Marmelstein
Treasurer	Dr. Kazmir
Assistant Treasurer	(vacant)

Authority Finance and Evaluation Committee

Chair	Dr. Kazmir
Members	David Brown Thomas Sullivan
Alternate Member	(vacant)

Ms. Ford also nominated the ex-officio Members from the Department of Health and the Department of Banking and Insurance, or their designees, Robin Ford and Manny Paulino, respectively, and the recommended designee of Department of Treasury, Ryan Feeney, as Members of the Audit Committee.

Mr. Brown asked if there were any other nominations. No other nominations were offered.

Mr. Brown asked for a motion to approve the nominations. Dr. Kazmir made the motion. Mr. Lovell seconded. Mr. Brown 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.

Mr. Brown noted that the newly elected officers' term begins immediately following the ten-day veto period for the Authority's minutes, barring veto notification from the Governor's Office.

AB RESOLUTION NO. 2022-05-D

WHEREAS, with respect to the Authority's elected official positions, one of the three Assistant Secretary roles and the role of Assistant Treasurer will remain vacant and may be filled at a later date with the appointment of new Authority Members,

NOW, THEREFORE, BE IT RESOLVED, that the following individuals are hereby elected to serve in the official positions noted until May 25, 2023, or until the next election of officers:

Vice Chair – David Brown
Secretary – Thomas Sullivan
Treasurer – Dr. Kazmir

BE IT FURTHER RESOLVED, that the Authority’s Finance Committee will be chaired by Dr. Kazmir with David Brown and Thomas Sullivan serving as Committee members.

BE IT FURTHER RESOLVED, that the Authority’s Evaluation Committee will be chaired by Dr. Munr Kazmir with David Brown and Thomas Sullivan serving as Committee members.

BE IT FURTHER RESOLVED, that the Authority’s Audit Committee consists of the ex-officio Members from the Department of Health and the Department of Banking and Insurance, or their designees, Robin Ford and Manny Paulino, respectively, and Ryan Feeney, a representative from Treasury.

b. Approval of Meeting Schedule

Mr. Brown referenced a proposed list of dates on which to conduct meetings of the Authority and its Finance Committee for the coming year. Dr. Kazmir offered a motion to adopt the schedule. Mr. Lovell seconded. Mr. Brown asked if there were any questions on the motion. There were no questions. Mr. Brown then called for a vote. The vote was unanimous and the motion carried.

AB RESOLUTION NO. 2022-05-E

NOW THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the following schedule of dates on which to conduct meetings of the Finance Committee and the Authority; and,

BE IT FURTHER RESOLVED, that, as provided by the provisions of the Open Public Meetings Act and the Authority’s By-laws, the Assistant Secretary is authorized to provide notice of these meeting dates to the Authority’s designated newspapers, to post notice in the Authority offices and on the Authority’s website, and provide notice to the Secretary of State.

FINANCE 10:00 a.m.	AUTHORITY* 10:00 a.m.
2022	2022
Tuesday, June 14	Thursday, June 23
Tuesday, July 12	Thursday, July 28
Tuesday, August 9	Thursday, August 25
Tuesday, September 13	Thursday, September 22
Tuesday, October 11	Thursday, October 27

Tuesday, November 1 Tuesday, December 6	Thursday, November 17 Thursday, December 15
2023	2023
Tuesday, January 10 Tuesday, February 14 Tuesday, March 14 Tuesday, April 11 Tuesday, May 9	Thursday, January 26 Thursday, February 23 Thursday, March 23 Thursday, April 27 Thursday, May 25

Finance Committee meetings have been scheduled and advertised in compliance with the Open Public Meetings Act and will be held “as needed”. Typically, Finance Committee meetings are only necessary in October and November when the Authority prepares its budget. Should a Finance Committee meeting be necessary, Members will be **notified in advance** of the meeting date.

Mr. Brown noted for the record that, unless advertised to the contrary, all meetings are open to the public and shall be held in the Authority’s office on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, New Jersey. He added that the Authority’s staff will perform the required public announcement and notification of the meeting dates once the Governor’s ten-day veto period has expired.

6. AUTHORITY EXPENSES

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

WHEREAS, the Members of the Authority have reviewed the memoranda dated May 18, 2022 summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses in the amount of \$30,273.50 and \$773.79, 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

Mr. Brown 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.

Mr. Brown then asked Executive Director Hopkins to present his Executive Director's report.

Mr. Hopkins' reported as follows:

1. He thanked the Authority Members and Senior Staff who timely filed their Financial Disclosure Statements with the State Ethics Commission by May 15, 2022.

2. He noted that five of the Authority's borrowers have a total of seven series of bonds outstanding which utilize the London Interbank Offered Rate ("LIBOR") as a reference rate. LIBOR will be discontinued as an eligible index rate at the end of June 2023. As a special project for 2022, Senior Staff would like for the Authority to engage, at its own expense, bond counsel to assist these five borrowers with amending their bond documents to change from LIBOR to another index rate in a manner that will not trigger a reissuance or other penalty. The Authority carried over \$100,000 from the 2021 budget to the 2022 budget for special projects. These amendments are expected to cost a fraction of that amount. At the June Authority meeting staff anticipates it will have a proposal from bond counsel for the Authority Members to consider for approval.

3. COVID conditions permitting, Senior Staff is planning on holding a symposium honoring the 50th anniversary of the Authority on Thursday, September 22nd at a venue to be determined. It will be the same day as the monthly Authority meeting. We plan to have the Authority meeting as usual at 10:00 a.m. that day. Authority Members and staff will be invited to attend as well as hospital and health care executives and other stakeholder guests. We anticipate after the Authority meeting we will have an educational presentation from Authority staff, followed by a luncheon (perhaps with a keynote speaker). After lunch we will have another Authority educational presentation followed by one or two panel discussions from a combination of several of the following stakeholders/experts: hospital executives, bondholder representatives, underwriters, bond counsel, financial advisors and rating agencies. We plan to include a continental breakfast and plated luncheon. We are currently researching a venue to hold the event. We expect we will have 60 to 100 attendees. The 2022 budget included \$10,000 in the Meetings/Seminars & Educational Courses line item for this event.

4. Coronavirus News

a. COVID cases, hospitalizations and deaths have all been increasing lately in New Jersey and around most of the country. 45 states reported an increase

in hospitalizations. New Jersey hospitalizations are expected to continue increasing but fortunately deaths appear to be stabilizing due to the level of vaccinations, natural immunity and improved efficacy and availability of treatment options.

b. While not mandating masks in schools or anywhere else, Governor Murphy is strongly encouraging wearing masks and several school districts have enacted mask mandates.

c. Last week the United States reached over 1 million deaths from COVID with over 33,000 in New Jersey.

d. Partially attributed to COVID lockdowns and other COVID impacts, there was a 15% increase in overdose deaths in 2021, with more than 107,000 in the United States, and over half of New Jersey residents polled said they had experienced mental health issues during the pandemic.

e. The Food & Drug Administration (“FDA”) has limited the use of the Johnson & Johnson COVID vaccine due to rare reports of blood clots and the fact that the vaccines from Pfizer and Moderna have had few side effects and are very effective.

e. The FDA has approved a booster shot of the Pfizer vaccine for healthy children 5 to 11 years old at least five months after their initial two doses.

f. The three New Jersey hospitals with Level 1 Trauma Centers, Cooper University Medical Center in Camden, Robert Wood Johnson University Medical Center in New Brunswick and University Hospital in Newark, are each getting an additional \$150 million in funding to prepare for the next health emergency. At the request of the Department of Health, the three hospitals coordinated the hospital COVID response with other hospitals in each of their regions.

g. Politico published an article on how legal challenges are threatening public health policy. It cited the recent instance of a federal judge striking down mask mandates nationally at airports and on other forms of public transportation as judges’ increasing willingness to overrule medical experts and government health agencies. It noted that thousands of other legal challenges have been made to local, state and federal public health orders during the COVID pandemic. These and threats to public health officials are having a chilling effect on the effective management of the pandemic which may impact future health emergencies.

5. New Jersey Hospital News

a. The proposed merger of RWJBarnabas Health and Saint Peter’s Healthcare System has received regulatory approval from the State of New Jersey

but awaits approval from the Federal Trade Commission, which recently nixed the merger of Hackensack Meridian Health with Englewood Health on anti-competitive grounds. The leaders of RWJBarnabas and Saint Peter's were interviewed by ROI-NJ. They distinguished their merger from the Hackensack Meridian/Englewood merger by noting theirs would create a transformative academic medical center in New Jersey, where none currently exists.

b. University Hospital has launched a plan to build a \$1.2 million to \$1.4 billion replacement hospital in Newark after working with architectural firm Gensler on a plan to overhaul its campus in Newark. University Hospital, which was built in 1979, is overcrowded and has significant maintenance issues. The Essex County Executive and the hospitals nurses' union are advocating for the money to be contributed by the State from federal pandemic relief funds.

c. Deborah Heart and Lung Center is celebrating its 100th anniversary this month.

d. According to news reports CarePoint Health's largest shareholder has completed the donation of his interest in CarePoint to a nonprofit holding company. Staff has been informed that this reporting has been contested. Another shareholder is also reportedly in the process of donating his interest in CarePoint to the nonprofit. Other shareholders have not yet said whether they will be donating their shares while some have indicated that they will not be donating their interests to the nonprofit. The nonprofit will be run by current CarePoint CEO Dr. Achintya Moulick and the nonprofit board members will be announced soon. The mayors of Bayonne and Jersey City applauded the move. So too did two State Senators, two Assemblywomen and one Assemblyman representing the areas covered by CarePoint. The owner of the land and building of Bayonne Medical Center, an affiliate of Hudson Regional Hospital, believes the transfer to a nonprofit may be an unlawful transfer of ownership and in contravention of the lease. The affiliate would like Hudson Regional to take over the hospital operations of Bayonne Medical Center from CarePoint. CarePoint, on the other hand, is trying to sell the operations of Bayonne Medical Center to a group of investors who also own part of Surgicore, a company that runs ambulatory surgical centers in the area.

e. Hackensack Meridian Health and Summit Health have signed a letter of intent to expand their existing collaboration. Summit Health is the State's largest physician group and Hackensack Meridian is one of the largest health care systems in New Jersey. Under the agreement, Summit Health physicians would become staff and treat patients at Hackensack University Medical Center.

f. Inspira Health is collaborating with Rowan College of South Jersey to create a partnership in education, employment and patient care. It will provide clinical experience to support nursing, behavioral and allied health students at Rowan's Cumberland and Gloucester campuses. Inspira is donating \$2 million in scholarships to Rowan and two of the health care academic buildings at Rowan will display Inspira's name: the Inspira Health Nursing & Health Professions Center

and the soon-to-be-completed Inspira Health Professions Center. Inspira employees will get a 50% discount on tuition.

g. Becker's Hospital Review included University Hospital's proposed \$1.2 billion replacement hospital as one of six hospital construction projects worth \$1 billion or more.

h. Atlantic Health System has announced that Maureen Schneider has been promoted to President of Chilton Medical Center. She has been serving as interim President since November 2021 when prior President Stephanie Schwartz became President at AHS's Overlook Hospital. Ms. Schneider had previously served as Chief Nurse and Operations Officer at Chilton since 2014.

i. Anthony Cava will be retiring as CEO of Robert Wood Johnson University Hospital Somerset effective January 2, 2023. Mr. Cava has been CEO since 2015 and saw the hospital through its merger with RWJBarnabas Health in 2016. His successor will be Patrick Delaney, who joined Robert Wood Johnson University Hospital Somerset in 2015 and has served as COO since 2020. Mr. Delaney's new title will be Chief Administrative Officer.

j. The nurses and technicians at St. Michael's Medical Center began a strike on May 23rd. They are seeking improvements in safety measures, staffing shortages, health insurance and pensions. Their contract expired May 4th and the union alleges the hospital has asked for numerous "give backs" without offering any additional benefits.

k. St. Joseph's Medical Center in Paterson had the fifth busiest emergency room in the country, with 150,615 visits in 2021. No other New Jersey hospital ranked in the top 30.

l. Atlantic Health System was one of 15 health systems with strong finances listed by Becker's Hospital Review this month.

6. Ratings Agency Actions

a. Fitch Ratings has affirmed the "AA-" rating of \$405 million of bonds issued by the Authority on behalf of Inspira Health Network in 2016 and 2017. It also affirmed an Issuer Default Rating of "AA-" on Inspira itself. The rating outlook remained "Stable."

b. A Fitch Wire was included in the articles for today's meeting discussing the mounting operating stresses facing nonprofit hospitals and health systems in the United States.

7. New Jersey Health Care News

a. The spring 2022 Leapfrog Group Hospital Safety grades came out this month. New Jersey ranks 12th best in the country with 31 hospitals earning As, 16 Bs, 19 Cs and 4 Ds. No hospital received a failing grade. This was down from the fall ranking of 9th but an improvement from last spring's 14th ranking. A spreadsheet of all the Leapfrog Groups grades was provided to the Authority Members with the articles thanks to Frank Troy.

b. The State plans to invest an additional \$211 million next year to enhance pay for a range of health care workers, including mental health and childcare workers. The New Jersey Business and Industry Association and the State's community colleges have joined forces to develop a targeted training model that connects health care graduates with credentials and opportunity for career advancement.

c. Despite the current increase in COVID cases and hospitalizations, hospitals are returning to focusing on upgrades and outreach. An article from NJBiz summarizes expansion plans at AHS's Overlook Medical Center, Hackensack Meridian's launch of a New Jersey Innovation Challenge to foster new ideas from New Jersey companies, Robert Wood Johnson University Hospital's receipt of the Gold Seal from the Joint Commission for Advanced Certification in Comprehensive Stroke Care, and Virtua Health's "Eat Well" program that provides a mobile grocery store to food deserts in their service areas.

d. A 2020 New Jersey law gave a 10% increase in Medicaid reimbursement to nursing homes which were then supposed to provide increased wages for frontline workers known as Certified Nursing Aides ("CNAs"). While most nursing homes gave the wage increases, several did not. According to Department of Human Services Commissioner Sarah Adelman, those who did not give the aides a raise will face a claw-back of the increased Medicaid reimbursements.

e. In its extensive article entitled "Understaffed and Overwhelmed" NJ Advance Media analyzed staffing data reported to the Department of Health from more than 350 nursing homes. It found that almost 60% did not meet the staffing requirements of CNAs required by a New Jersey law enacted in response to the poor performance of nursing homes during the pandemic. More than 10% of nursing homes didn't even report staffing data, as required. Low pay and staffing shortages exacerbated by the COVID pandemic have made it difficult to reach staffing levels. Unions have complained that the law is not being sufficiently enforced but the Department of Health says it is trying as quickly as possible to hire staff to do nursing home inspections.

f. Late Tuesday, the State of New Jersey sought a court order to take over operations of the Woodlands Behavioral and Nursing Center at Andover. The

facility had an extraordinary number of deaths during the early months of the pandemic under its previous name Andover Subacute and Rehabilitation Center. More recently, under its current name, inspectors found a litany of serious violations that officials believed threatened the lives and safety of the facility's over 360 residents. Woodland was also found to have repeatedly failed to have adequate staffing, as required by recently adopted staffing ratio mandates. As a result of the failed inspections and staffing deficiency, in March the State appointed Atlantic Health System to assess the facility's business practices, operations and infrastructure and prepare a report. That report, delivered earlier this month, appears to have prompted the court filing. Rather than seeking the closure of the facility, the State is asking the court to appoint a person or team to oversee the entire operations of Woodland. Mr. Hopkins asked if Ms. Ford would like to add a comment. Ms. Ford said the Department of Health is taking action to make sure that the residents of Woodland can receive safe care in their homes, and that the Department is taking every action they can to keep the residents safe at this time.

g. Last week New Jersey reported its first patient with the mysterious hepatitis impacting young children. There had been 110 cases reported in 30 states in the United States as of last week. Hundreds have also been reported in other countries. It is unclear what is causing the cases, which are usually rare in children and have not be caused by the most common hepatitis variants. Many of the cases have been reported in children who had adenovirus 41, a stomach virus that has not typically caused hepatitis in the past. Some experts believe it may be a combination of the adenovirus and a prior case of COVID or that children are more susceptible to a greater impact from adenovirus 41 because they have not been as exposed to viruses due to pandemic lockdowns.

8. National Health Care News

a. The Center for American Progress (“CAP”) released a Fact Sheet on May 17th outlining how investing in public health will strengthen America's health. Arguing for increased and sustained funding to build a robust public health system, CAP believes it will help prepare for the next pandemic, improve public health data collection and develop a larger health care workforce, among other benefits.

b. In response to The Wall Street Journal reporting that hospitals are asking insurers for a 15% reimbursement increase due to offset rising wages, the CEO of the American Hospital Association said that the article overlooked the bigger picture for hospitals. In addition to increased labor costs, hospitals are also facing higher costs for drugs, supplies and equipment.

c. Fitch predicts nonprofit hospital margins will remain weak through the second quarter of 2022 due to failure of surgical and specialty care volumes to fully recover since the pandemic began combined with wage pressures, supply chain problems and inflationary effects on supplies and medications.

d. Americans with health insurance from the Affordable Care Act increased to 35.8 million, the highest level since the ACA started. In 2021 ACA plans covered 31 million. As a result of the expansion the rate of uninsured was near record lows at 8.8% in the fourth quarter of 2021. Some of the increase comes from expansion in Medicaid and marketplace enrollment from the Biden administration's policies to boost coverage during the COVID pandemic. However, the expansion may be reversed when the additional subsidies offered during the pandemic expire and states resume Medicaid eligibility determination when the federal public health emergency expires.

e. No additional federal pandemic aid has been approved for hospitals despite the continuation of COVID hospitalizations. The failure to provide aid will have a disproportionately negative effect on hospitals that treat a large volume of uninsured patients, according to a May 1, 2022 article in The New York Times.

f. Kaufman Hall's National Hospital Flash Report for April was provided to the Authority Members on Tuesday with the articles. It notes that median hospital operating margins were negative for the third consecutive month in March, at a negative 2.43%. That is nevertheless an improvement over February which was negative 3.99% and January which was negative 4.52%. Patient volumes and revenues started to rebound in March but the report stresses it will be a long road back for hospitals.

9. Bond and Tax Legislation and Regulatory News

a. Regulators are starting to see a significant reduction in the use of the London Interbank Offered Rate ("LIBOR") as a reference rate recently. As noted earlier, LIBOR will cease to be published June 30, 2023. Financial institutions and other businesses have turned away from LIBOR this year according to the Federal Reserve. Most transactions requiring a reference rate are shifting to the Secured Overnight Financing Rate ("SOFR") which was selected by the Alternative Reference Rates Committee in 2017 as the preferred replacement for LIBOR. SOFR is published by the New York Federal Reserve and is the average rate at which institutions can borrow U.S. dollars overnight while posting U.S. Treasury bonds as collateral.

Mr. Brown thanked Mr. Hopkins for his report.

6. ADJOURN

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

The meeting was adjourned at 10:44 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 MAY 26, 2022.

Cindy Kline, Assistant Secretary