

These are the Minutes of the New Jersey Health Care Facilities Financing Authority's regular meeting held on April 24, 2025, on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

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

***Via Microsoft Teams:*** Noah Glyn, Designee of the Commissioner of Health (Chairing); Greg Lovell, Designee of the Commissioner of Human Services; Manny Paulino, Designee of the Commissioner of the Department of Banking and Insurance (*arrived at 10:08 a.m.*); and Public Members Bridget Devane and Tom Sullivan.

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

***On-Site:*** Frank Troy, Ron Marmelstein, Cindy Kline, Jeff Solimando, Edwin Fuentes, Bill McLaughlin, Taryn Rommell, Jose Lora and Alpa Patel. ***On the phone:*** Tracey Cameron.

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

***On-site:*** Stephanie Gibson, Attorney General's Office; ***Via Microsoft Teams:*** Sam Kovach-Orr, Governor's Authority Unit and Kaitlyn Wojtowicz, Planned Parenthood.

## **CALL TO ORDER**

Noah Glyn, Designee of the Commissioner of Health, called the April 24, 2025, Authority meeting to order at 10:02 a.m. by announcing that this was a regular meeting of the Authority, held in accordance with the schedule adopted at the May 23, 2024, Authority meeting.

Mr. Glyn stated that in compliance with the Open Public Meetings Act and the Authority's By-laws, a notice of this meeting was mailed to *The Star-Ledger* and 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. Glyn requested that Members have their cameras turned on during the voting process, then called on Authority Communications Specialist Jeff Solimando to call the roll and establish attendance. After the roll was called and quorum was established, Mr. Glyn reminded members that in addition to having their cameras on to please identify themselves before making or seconding a motion.

## **1. APPROVAL OF MINUTES**

- **March 27, 2025**

The Minutes of the Authority's last regular meeting, held on March 27, 2025, were distributed for the Members' review and approval prior to today's meeting.

Mr. Glyn reminded Members that only those in attendance or who have familiarized themselves with the minutes should vote.

Mr. Glyn then requested a motion to approve the March 27, 2025, Minutes. Mr. Lovell made the motion and Mr. Sullivan seconded.

Mr. Glyn confirmed who made the motion and who seconded it and then asked if there were any questions or comments on the motion. There were no questions or comments. Mr. Glyn then called for a vote. All Members voted in the affirmative, and the motion was approved.

## **2. AMENDMENT TO THE 2025 AUTHORITY BUDGET**

Mr. Glyn called on Authority Controller Alpa Patel to provide the details of a request to increase the 2025 Authority Budget.

Ms. Patel began by stating that the elimination of the tax-exempt status of private activity bonds (“PABs”) was seriously considered as a “pay-for” related to certain Tax Cuts and Jobs Act (“TCJA”) provisions in 2017.

Ms. Patel said that the National Association of Health and Educational Facilities Finance Authorities (“NAHEFFA” or the “Association”) engaged ML Strategies to lead a significant education campaign to stress to members of Congress the importance of PABs to health care providers, universities and colleges. An additional NAHEFFA dues assessment funded this initiative. While the ability to advance refund PABs was lost, the tax-exempt status was preserved. Many TCJA tax cuts will expire on December 31, 2025, and eliminating the tax-exemption of PABs is again on the list of possible revenue raisers to offset extending TCJA cuts.

Ms. Patel reminded Members that the Authority paid \$3,250 for annual base NAHEFFA membership dues in July 2024. However, due to the perceived serious nature of the threat, at its April 7, 2025, corporate meeting, the Association membership approved a \$3,000 additional assessment to fund increased Congressional education and advocacy efforts, once again by ML Strategies. The Authority has budgeted \$3,543 for the NAHEFFA dues in the 2025 Cash Budget as a part of the Dues and Subscription line item and would like to increase the line item from \$3,543 to \$6,543.

Ms. Patel then requested that Members of the Authority to approve the amendment of the 2025 Cash Budget by approving an additional \$3,000 in the Dues and Subscription line item.

Ms. Patel concluded by stating that she would answer any questions or address concerns.

Mr. Glyn asked for a motion to approve the resolution to increase the Dues and Subscriptions line item by an amount not to exceed \$3,000 in the Authority’s 2025 budget to cover a special assessment of NAHEFFA dues. Mr. Lovell made the motion. Ms. Devane seconded the motion. Mr. Glyn confirmed who made the motion and who seconded it and then asked if there were any questions or comments on the motion. There were no questions or comments. Mr. Glyn called for a vote. All Members voted in the affirmative, and the motion passed.

### **AB RESOLUTION NO. 2025-04-A**

**WHEREAS**, the Members of the Authority have discussed the request to amend the 2025 Authority budget by increasing the Dues and Subscriptions line item by an amount not to exceed \$3,000;

**NOW, THEREFORE, BE IT RESOLVED** that the Members of the Authority hereby approve amending the 2025 Authority budget by increasing the Dues and Subscriptions line item by an amount not to exceed \$3,000.

### **3. AUTHORITY EXPENDITURES**

Mr. Glyn referenced a summary of Authority expenses and invoices provided to the Members and asked if there were any questions or comments on the material distributed. There were none.

Mr. Glyn requested a motion to approve the bills and authorize payment. Mr. Paulino made the motion to approve the expenses. Mr. Sullivan seconded. Mr. Glyn confirmed who made the motion and who seconded it and then asked if there were any questions or comments on the motion. There were no questions or comments.

Mr. Glyn called for a vote. All Members voted in the affirmative, and the motion was approved to accept all expenses as submitted and authorize payment.

### **AB RESOLUTION NO. 2025-04-B**

**WHEREAS**, the Members of the Authority have reviewed the memoranda dated April 16, 2025, summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and the memorandum dated April 16, 2025, summarizing general operating expenses, in the amounts of \$6,000.00 and \$5,733.04 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.

#### 4. STAFF REPORTS

Mr. Glyn asked Executive Director Frank Troy to present his Executive Director's report.

Mr. Troy reported the following:

1. Authority Members, their designees, and certain Authority staff recently received a request from the State Ethics Commission to complete the annual Financial Disclosure Statement pursuant to Executive Order No. 2 (Murphy 2018). The Statement is due May 15, 2025, and if you have any ethics-related questions, please contact Robin Piotrowski, the Authority's Ethics Liaison Officer, or me.
2. New Jersey Hospital News
  - a) The Murphy administration announced that Commission of Health and Authority Chair Kaitlan Baston, M.D., is resigning and will serve as interim CEO at University Hospital due to the departure of Ed Jimenez. Commissioner Baston will serve until a permanent replacement is found. We thank the Commissioner for her support and wish her well in her new role. Governor Murphy announced Deputy Commissioner of Health Jeff Brown will serve as Acting Commissioner effective Monday, April 28<sup>th</sup>.
  - b) On April 11, 2025, a federal bankruptcy judge in Delaware confirmed CarePoint Health System, Inc.'s ("CarePoint") plan to exit bankruptcy that includes a management agreement with Hudson Regional Hospital ("HRH"). HRH provided debtor-in-possession ("DIP") financing during the proceedings and has committed to working with CarePoint to create a four-hospital system in Hudson County. In fact, the Department of Health recently approved HRH's certificate of need application to operate CarePoint's Bayonne Medical Center. Much has been written in the press regarding what happens next. In Hoboken, a controversial resolution asking the City Planning Board to declare the Hoboken University Medical Center ("HUMC") property an "Area in Need of Redevelopment" was removed from a recent City Council meeting agenda. A recent Jersey City Times article noted the potential value of both the HUMC and Christ Hospital sites for real estate development.
  - c) The Valley Hospital celebrated the one-year anniversary of its move to the new facility in Paramus. The state-of-the-art, 372-bed hospital was financed in part by Authority bonds.
  - d) After receiving criticism from residents and town officials, Atlantic Health System ("AHS") scaled back its proposed \$1 billion Morristown Medical Center expansion project. AHS reduced the height of the buildings and will work with the town to develop better traffic and pedestrian safety plans.
  - e) Hackensack Meridian Health ("Hackensack") and Horizon Blue Cross Blue Shield of New Jersey reached a multi-year agreement after lengthy negotiations.
  - f) Both Hackensack and AHS made *Fortune Magazine's* recent list of the county's "2025 100 Best Companies to Work For." Hackensack was number 72, and AHS was number 83.

- g) RWJBarnabas Health and the Rutgers Cancer Institute will open the new \$750 million Jack and Sheryl Morris Cancer Center in May. The 12-story, 520-square-foot-facility in New Brunswick will be connected to the Robert Wood Johnson University Hospital by a skybridge. The project was funded in part by Authority bonds.
- h) Seven New Jersey hospital CEOs were named a Top Healthcare Leader by *Becker's Hospital Review*: Robert Garrett of Hackensack, Warren Geller of Englewood Health, Brian Gragnolati of AHS, Mark Manigan of RWJBarnabas Health, Amy Mansue of Inspira Health, Deborah Visconi of Bergen New Bridge Medical Center and Dennis Pullin of Virtua Health ("Virtua"). Mr. Pullin is also a published author, releasing *Suited for Leadership: How to Show Up with Purpose to Have a Lasting Impact*. All proceeds from the book will benefit Virtua's food access programs. We have a copy in our library if anyone is interested.
- i) Saint Peter's Healthcare System was recognized by *Newsweek* with three prestigious awards and was included on the lists of "America's Best Maternity Hospitals," "America's Best In-State Hospitals," and "America's Best Ambulatory Surgery Centers."
- j) Virtua has announced plans for \$1 billion in projects, including a six-story patient tower at Virtua Our Lady of Lourdes Hospital in Camden and a multi-year renovation project at Virtua Mount Holly.
- k) Jefferson Health, parent of the former Kennedy Health System, is now out of network with Cigna after the two failed to reach a new contract agreement. Although each side blamed the other, they continue to negotiate.

### 3. Ratings Agency Actions and Publications

- a) Fitch Ratings ("Fitch") released preliminary 2025 U.S. not-for-profit health care medians based on 2024 data. The medians showed incremental improvement over 2023 with a 2024 operating margin of 1.2% compared to -0.5%. By comparison, the latest available Apollo System statewide median was 1.8%. Fitch noted revenues grew 9.1% in 2024 while expense growth was 6.9%. Median days cash on hand was 220, an increase of 1.0 from 2023. The New Jersey median was 112.3. Fitch maintains a Neutral, a/k/a Stable outlook on the sector but warned that significant cuts to government programs could change their view.
- b) Moody's Ratings ("Moody's") also released their preliminary medians with a slightly higher operating margin of 1.6% and lower days cash on hand of 199.7. Moody's also reported stabilizing expense growth and noted increasing volumes. Moody's has a Stable outlook on the sector.
- c) S&P Global recently affirmed St. Luke's University Health Network's ("St. Luke's") A- rating. The outlook remains Stable. St. Luke's is the parent of St. Luke's Warren Hospital in Phillipsburg.

#### 4. New Jersey Health Care News

- a) According to WalletHub, New Jersey is the third-best state for children's health care. Massachusetts was ranked the best, followed by Rhode Island. Mississippi was ranked last.
- b) The State fiscal year 2026 hospital charity care and graduate medical education subsidies can be found at [www.nj.gov/health/hcf/subsidies/](http://www.nj.gov/health/hcf/subsidies/). The charity care subsidy totals \$61.3 million, and the Medicaid outpatient add-on, also known as State-Directed Payments, is \$539.25 million which is a total of \$600.1 million (rounded). Documented charity care at Medicaid payment rates in calendar year 2023, the most recent year available, was \$559.9 million.
- c) New State regulations will allow medical and behavioral health services to be provided in the same office allowing for truly integrated outpatient care.
- d) Gov. Phil Murphy announced a fourth round of medical debt relief. This latest round leverages roughly \$5.8 million of American Rescue Plan funds which will be used by the firm Undue Medical Debt to purchase debt from RWJBarnabas Health from the secondary market. As a result, some 629,000 New Jersey residents will see a combined \$927 million in retired medical debt.

#### 5. National Health Care News

- a) The Centers for Medicare and Medicaid Services ("CMS") is proposing a net 2.4% increase in hospital payments for inpatient services effective October 1, 2025. The projected market basket increase is 3.2% which would be reduced by a 0.8% productivity adjustment. Industry groups have described the proposal as totally inadequate.
- b) The budget negotiations in Washington and the potential impact on health care providers continue to receive considerable attention. Frequently mentioned is Medicaid reform. A recent report from the Paragon Health Institute, an influential think tank, described provider taxes and the resultant state directed Medicaid payments as a "legalized money laundering apparatus" and called for its elimination or at least reform. Forty-six states, including New Jersey as noted earlier, currently have such programs in place that accounted for \$110 billion of Medicaid spending last year, up from an estimated \$25.7 billion in 2020. Industry groups such as the American Hospital Association warned eliminating state directed payments would have a significantly negative impact on state budgets and vulnerable residents.
- c) A recent Kaufman Hall blog looks at actions hospitals and health systems may take should Medicare cuts become a reality. Among them are partnering with health plans, improving coordination with federally qualified health centers ("FQHCs"), develop or expand preventative care programs and improve telehealth access.

- d) Tariffs are also causing considerable uncertainty and concern in health care. A recent survey of 200 industry experts by Black Book Market Research found that 82% of respondents expect tariff-related issues to raise costs by 15% in the next six months. Due to the amount of pharmaceutical ingredients produced in China, drug costs were predicted to rise at least 10%. Ninety percent of supply chain professionals anticipate major disruptions in procurement processes and supplier negotiations.
- e) According to Strata Decision, the median hospital operating margin for the first two months of 2025 was 1.0%. While labor cost growth is easing, growth in non-labor costs such as supplies and drugs are increasing on a year-over-year basis.

#### 6. Bond and Tax Legislation and Regulatory News

- a) As mentioned last month, I attended our trade association's (NAHEFFA) spring conference earlier this month and spent time on Capitol Hill meeting with members of the State's Congressional delegation and/or their aides to advocate for tax-exempt bonds. We left materials showing the size of the municipal market and the interest cost savings to borrowers compared to taxable debt. On Monday, April 7<sup>th</sup>, staff from the New Jersey Educational Facilities Authority and I met with an aide to Congressman Pallone. Sam-Kovach-Orr, from the Office of the Governor, joined us on Wednesday, April 9<sup>th</sup> for meetings with aides to Congressmen Kean and Van Drew as well as a meeting with Congressman Menendez. Congressman Menendez was very supportive and Congressman Van Drew was one of 25 congressmen representing both parties that signed a letter to the chairman of the House Ways and Means Committee in support of maintaining tax exemption. As you can see from today's agenda, NAHEFFA will continue advocacy and education efforts on our behalf.
- b) A Commonwealth of Pennsylvania Senate committee advanced a bill that would establish a new finance authority with the ability to fund projects nationwide. The Keystone National Finance Authority would be modeled after Wisconsin's Public Finance Authority (the "PHA") and would potentially be more competition for New Jersey authorities.

#### 7. Other News

None

#### 8. Authority News

- a) There are work anniversaries to note. Jessica Rinderer, Administrative Assistant in the Operations, Finance & Special Projects Division, observed five years with the Authority on March 9<sup>th</sup>. Network Administrator John Johnson will observe ten years on the 27<sup>th</sup>.

- b) As noted last month, the parking facility next to the Authority offices has installed a new payment system which scans license plates. If you plan to attend meetings in person and, if you have not already done so, please forward Cindy Kline your plate number so she can enter your vehicle into the system.
- c) The next regular Authority meeting will be Thursday, May 22<sup>nd</sup>, 2025, at 10:00 AM. Officers will be elected and committee roles assigned. It is very likely the proposed Series 2025 New Jersey Department of Health Lease Revenue Bonds will be on the agenda. The proceeds would fund energy efficiency projects at two of the State's psychiatric hospitals.

Thank you.

## 5. ADJOURN

As there was no further business, Mr. Glyn asked for a motion to adjourn. Mr. Lovell made the motion and Mr. Sullivan seconded. Mr. Glyn confirmed who made the motion and who seconded it and then asked if there were any questions or comments on the motion. There were no questions or comments.

Mr. Glyn then called for a vote. All members voted in the affirmative, and the meeting was adjourned at 10:22 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 24, 2025.

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Cindy Kline, Assistant Secretary