

September 28, 2007

Attorney General Anne Milgram  
New Jersey Department of Law and Public Safety  
Division of Law  
Richard J. Hughes Justice Complex  
P.O. Box 106  
Trenton, New Jersey 08625-0106

Commissioner Fred M. Jacobs  
New Jersey Department of Health and Senior Services  
John Fitch Plaza  
P.O. Box 360  
Trenton, New Jersey 08625-6543

Re: Bankruptcy and Potential Sale of Barnert Hospital

Dear General Milgram and Commissioner Jacobs:

New Jersey Appleseed Public Interest Law Center has become aware of the bankruptcy and potential sale or closing of Barnert Hospital in Paterson, New Jersey. As you know, Barnert Hospital is the one remaining hospital in Passaic County that is not governed by the *Catholic Ethical and Religious Directives*, and one of the primary acute care hospitals in northern New Jersey that provides a full array of family planning services, including emergency contraception, tubal ligations, abortions, and HIV/AIDs counseling.

Pursuant to an article appearing in yesterday's Star-Ledger (entitled, "Ailing North Jersey Hospitals get a little breathing room," authored by Angela Stewart), it is unclear whether Barnert Hospital will be sold to another entity or will be closing its doors as an acute care hospital in December. In either case, we are concerned, based on past experience in the state, that the purchase and/or closing of Barnert Hospital will change the hospital's mission and eliminate the provision of vital reproductive services that are

important to the health and well-being of the community; services that that no other acute care facility in Passaic County is currently providing.

We therefore urge the Department of Health and Senior Services to review any sale of Barnert Hospital, when it occurs, under the standards set forth in the Community Healthcare Assets Protection Act (“CHAPA”) N.J.S.A. 26:2H-7.10 et seq., in addition to the standards set forth in its Certificate of Need Process concerning hospital transfers or closings. Similarly, we are requesting the Attorney General review the transaction under CHAPA and thereby ensure that appropriate steps are taken “to safeguard the value of the charitable assets of the hospital and to ensure that any proceeds [remaining after debtors are satisfied] from the [sale of the assets] are irrevocably dedicated for appropriate charitable health care purposes” within the community in which they accrued N.J.S.A. 26:2H-7.11(b).

In this case, the secular nature of Barnert Hospital’s charitable assets must be underscored since it is our understanding that such restriction is imposed not only by the hospital’s Articles of Incorporation, but also a land restriction. In the past, the existence of such land restriction prevented Barnert Hospital from merging with St. Joseph’s Hospital that is also located in Paterson. It is essential that steps be taken to ensure the continuity of certain reproductive services that otherwise will be lost. We trust that the Attorney General will take all actions necessary to protect endowment funds, restricted funds and any foundations associated with the hospital, which are not within the jurisdiction of the bankruptcy court.

Sincerely yours,

Renée Steinhagen

Cc: Jay Ganzman, DAG