



July 28, 2011

John Calabria, Director
Certificate of Need and Acute Care
Licensure Program
NJ Department of Health and Senior Services
Office of Legal and Regulatory Compliance
Market and Warren Streets,
P.O. Box 360
Trenton, New Jersey 08625-0360

Re: CN #FR 110503-09-01, Application for Transfer of Ownership of
Hoboken University Medical Center from the Hoboken Municipal
Hospital Authority to HUMC Holdco, LLC.

Dear Mr. Calabria:

Please accept this written submission on behalf of New Jersey Appleseed Public Interest Law Center. Due to the number of residents, providers, hospital administrators and elected local officials expected to speak at the Department's local public hearing (and the limited time in which they are able to speak), we decided to limit our comments, request for denial of this Certificate of Need ("CN") application, and requests for conditions, if the application is approved, to those included in this letter. We also respectfully request the opportunity to submit additional comments and/or appear before the State Health Planning Board once the staff's recommendations on this application have been submitted to the Board.

In a 2006 report issued by Avalere Health LLC entitled "2006 New Jersey Health Care Almanac," the authors stated in their opening paragraph, under the phrase: "One-word answer: Broken," the following:

The New Jersey health care system is emblematic of the U.S. health care system: widespread variations in health status and health care utilization patterns across its counties and citizens; significant pockets of over-and under-capacity, relative to national and regional norms and benchmarks; a relative absence of easily accessible and understandable measures to assess the quality and efficiency of health care services

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provided; and growing levels of dissatisfaction about the cost, quality, and access to care among patients, hospitals, physicians, other health care providers, health plans, employers, unions and health policy experts. In New Jersey, these national trends are especially acute, and many New Jersey health care stakeholders and experts feel, in the words of one hospital executive, that “the system is on the verge of collapse.”

Avalere Health LLC, “2006 New Jersey Health Care Almanac,” (November 2006). Almost five-years later, and after the publication of the Final Report of the New Jersey Commission on Rationalizing Health Care Resources (the “Reinhardt Commission”), dated January 24, 2008, New Jersey does not seem any closer to a solution to the aforementioned problems in its health care system, and in particular the lack of an equitable distributive ethic governing our hospital system. (Reinhardt Commission at iv). Indeed, with the continuing growth of for-profit ambulatory care centers and the for-profit hospital models that have been introduced in Hudson County by the operators of Bayonne Medical Center in 2008, and Meadowlands Hospital in 2010, respectively, the social inequities seem to be getting worse, as access for Medicaid and uninsured patients narrows, the quality of hospital services suffers, and the costs to consumers and the health care system generally continue to increase.

Despite the applicant Hoboken Municipal Hospital Authority’s (“MHA”) attempt to frame its application as the only way to continue the “mission” of Hoboken University Medical Center (“HUMC”) (formerly, St. Mary’s Hospital, Hoboken) --- threatening bankruptcy or closure of a “safety net” hospital if this transaction is not approved, --- New Jersey Applesseed questions the validity of this characterization. Based on the public record, there were at least two alternative proposals presented to the MHA in which bondholders would have been made full, and nonprofit operators would have been able in fact and law to continue the charitable/public mission of HUMC. In addition, the track record of the proposed buyers of HUMC does not indicate that they have any intention of continuing to operate HUMC as a community based hospital primarily servicing the low and moderate income residents of Hoboken, Union City, North Bergen and Weehawken, (See Statement of Concern, endorsed by 19 organizations, attached hereto). Therefore, it is for the very reason that the applicant states that this transaction has to be approved (*i.e.*, to continue services to the “unfavorable payer mix” currently served by HUMC), that NJ Applesseed believes that the CN application should be denied. If HUMC is to remain open (and we support the continuing use of the hospital as a community health care asset), it must be placed into the hands of a nonprofit operator that is legally able to place the health care needs of Hoboken and Hudson County residents first, not the financial interests of the principal investors of HUMC Holdco, LLC, and Medical Properties Trust (a Real Estate Investment Trust fund) to which the property has already been assigned or will be assigned upon receipt of DHSS’ s regulatory approval. (See §13.9 and §10.1 of the Asset Purchase Agreement, (“APA”)).

For the reasons more fully expressed below, we respectfully request that the Commissioner of DHSS and the State Health Planning Board deny this CN application. In the alternative, we request that the Commissioner condition her approval on a set of stringent requirements that ensure maintenance of service to Medicaid, uninsured and other indigent patients at current levels, fair pricing and contracting, fair and reasonable collective bargaining with employees, maintenance of significant and unique clinical services, financial transparency,

and community accountability. For if the new operators of HUMC cannot be restrained from engaging in several practices that prevail at Bayonne Medical Center (“BMC”), the transfer of license to them is likely to have an adverse impact on the other nonprofit hospitals in Hudson County, and the quality, availability and access of health services in Hoboken and its environs (despite the applicant’s assertion otherwise, Responses to Second Set of Completion Review Questions, at p. 1, hereinafter “Responses to Second Set”).

Analysis Pursuant to N.J.S.A. 26:2H-8 and N.J.A.C. 8:33-4.9

Pursuant to N.J.A.C. 8:33-3.3, a certificate of need (CN) is required for a transfer of ownership of an entire hospital, and the prospective owners/operators are to be evaluated by the Department “on the basis of character and competence and track record with regard to past and current compliance with state licensure” requirements. In accord with the general criteria for review, the Department “shall” not approve the transfer of ownership if the action proposed in the application will “have an adverse impact on access to health care services in the region or Statewide” or will not “contribute to the orderly development of adequate and effective health care services.” N.J.A.C. 8:3.3-4.9(a). It is the “responsibility of the applicant to adequately and appropriately demonstrate” that the proposed transfer satisfies the standards set forth in subsection (a) (N.J.A.C. 8:3-3-4.9(b)), and the Department cannot grant a CN if the license holder does not “contractually commit to provide services to medically underserved populations residing or working in its service area as adjusted for indications of needs.” N.J.A.C. 8:3.3-4.9(c).

Over the past several years, DHSS commissioners have consistently taken the position that their review, pursuant to the CN process (specifically, the review pursuant to N.J.A.C. 8:3.3-4.9 and 4.10) satisfies their obligation under the Community Health Assets Protection Act, 26:2H-7.11(b), which requires the Commissioner to find, prior to approval under the Act, that the proposed sale “is not likely to result in the deterioration of the quality, availability or accessibility of health services in the affected communities.” Whether this standard is equivalent to the criteria set forth in the CN regulations, it is clear that pursuant to the CN process, the Commissioner has an obligation to “satisfy the legislative preference for a regulatory review that will serve as a check on undue harm to [New Jersey’s] valuable, and vulnerable, urban hospitals,” such as Jersey City Medical Center and Christ Hospital, both located in the same county as HUMC. In re Application of Virtua-West Jersey Hospital Voorhees for a Certificate of Need, 194 N.J. 413, 436 (2008). In order to satisfy this obligation “to guard against severe or pervasive negative impacts on urban hospitals,” id., the Commissioner must provide an analysis of the impact that a particular CN will have on the delivery of health care services in a region, and conversely, cannot just accept the proffers of an applicant. Id. at 435.

The Department’s analysis, in this case, is thus not a simple one. It is our position that the Commissioner’s obligations, as articulated by the court in In re Virtua-West Jersey Hospital, is not satisfied merely by concluding that because this is an application to continue services and not a request to close HUMC, the application poses no impact on urban hospitals in the county, as the applicant posits. See Responses to Second Set at p. 1. Rather, the Department must assess the likely impact of permitting the operators of Bayonne Medical Center (also located in Hudson County) to operate yet another hospital in the county on the “valuable and vulnerable” urban

hospitals in the county, as well as the likely impact that their for-profit stewardship will have on the accessibility of needed health services to the low and moderate income residents of Hoboken, Union City, North Bergen and Weehawken that currently rely on the hospital.

In light of this legal framework and legislative purpose, we offer the following comments based on information presented by the applicant and public information available about the practices of the proposed operators.

There are insufficient guarantees that the community will enjoy continued access to safe, affordable health services.

In the MHA's CN application, it states that all the existing services will be continued. (CN Application at 121). This commitment is somewhat qualified in the APA in which the purchasers states that it will "use reasonable efforts to preserve and not make major changes to the services offered as of the date hereof at the current location of the Hospital." APA, §8.5(ii). When asked to further explain this statement, the MHA responded:

HUMC provides at least seven clinic services, including a surgical clinic not available elsewhere in Hudson County. In addition, HUMC has been recognized for the Hospital's prominent role in providing health care as a safety net for the uninsured and underinsured in community and has one of the only programs in Hudson County which provides specialized care for geriatric patients with psychiatric problems.

(Responses to First Set of Completeness Questions, at p1, hereinafter "Responses to First Set"). New Jersey Appleseed is less concerned with securing a guarantee that all existing services are continued at the Hospital (given their availability at neighboring facilities), than securing a guarantee that those services disproportionately used by "the uninsured and underinsured in the community," and those that are unique and satisfy a documented need in the community be maintained. BMC's track record on this count is not auspicious. As presented in testimony submitted by HPAE, BMC has downsized and/or closed services including clinics, pediatrics and OB/GYN services, the latter in violation of the conditions set forth in their CN. See also Responses to First Set at p.11; Letter to Daniel Kane from John Calabria, dated February 5, 2010 (Re: Bayonne Medical Center, CN Conditions of Approval). More generally, information taken from DHSS's website indicates that there has been a decrease in total hospital admissions by 21% over the 2008 and 2009 period, and information indicates that in-patient access and services decreased by 40-48% from 2008 to 2010 for patients of one major insurer in the State, and out-patient access and services decreased by 68-74% from 2008-2010 for patients of that same insurer.

There is little doubt that the latter decreases resulted from BMC's termination of its contracts with that insurer. However, it appears that BMC has refused to participate in nearly any insurance carrier's network, and its refusal to do so is central to its business strategy. Consistent with this business strategy, the new operators predict "an increase in [patient revenue] due to enhanced commercial payments," even though they state in the CN application that such enhanced payments will result from "contract negotiations, reduction in denials, and

implementation of contract management software”(HUMC, Financial Improvement Assessment, April 2011, at p. 1); not a decision to opt out of network contracts, as testimony submitted by NJAHP indicates is their true intent.

Moreover, associated with this out-of-network model is BMC’s practice of charging excessive fees for services provided with little relationship to the value provided, and its attempt to drive utilization primarily through its emergency room. Review of information provided on New Jersey Hospital Compare, a website sponsored by the New Jersey Hospital Association (<http://www.njhospitalpricecompare.com/>), indicates the following comparative costs when using the “Combined Top 25 DRGs” based on data from January 1, 2009-December 31, 2009,:

| | <u>Bayonne Medical Center</u> | <u>Other Hospitals in the County</u> | <u>Hospitals Statewide</u> |
|-------------------|-------------------------------|--------------------------------------|----------------------------|
| Avg. Charge | \$84,427 | \$42,110 | \$36,272 |
| Per day | \$26,089 | \$12,814 | \$11,675 |
| Median Charges | \$70,669 | \$29,846 | \$28,601 |
| No. of discharges | 1,961 | 15,802 | 238,487 |

According to this chart, BMC’s fees are clearly outlier charges. If similar practices are employed at HUMC, there is little doubt that consumers will be adversely affected. First directly, if uninsured, and indirectly, as premiums must go up. The State’s strict enforcement of Medical Loss Ratios does not protect consumers from excessive provider costs even if they are initially borne by the payers.

Furthermore, it appears that the quality of services delivered at BMC has suffered due to staffing cuts and other cost cutting measures notwithstanding the efforts of BMC employees to provide safe and effective care for patients. For example, according to the 2010 NJ Hospital Performance Report, BMC is last in the State in “Surgical Care Improvement,” and in the bottom 10% of New Jersey hospitals in “Pneumonia Care.” Also, a recent national survey (entitled the Hospital Consumer Assessment of Healthcare Providers and Systems) noted that only 38% of Bayonne patients stated that they would “definitely recommend” the Hospital to others.

Testimony by HPAE, who represent 800 employees at BMC, indicates that staffing levels have decreased since the hospital emerged out of bankruptcy in 2008, and instead of relying on dedicated staff, the owners of BMC have increasingly used temporary agency, part-time or per diem staff, and have outsourced a number of services, including the wound center, radiation oncology and the family health clinic. These practices have adversely affected the continuity and quality of care, and have contributed to a contentious work environment that led to a “lock-out” of employees by BMC in 2009. Patients know that it is the nurses who are on the front line and their fair and dignified treatment by management is essential to the delivery of quality and effective health services.

There is no evidence that the operators of BMC intend to treat the staff at UMHC differently than those at BMC. We understand from the APA that HUMC Holdco intends to terminate the pension funds of the two unions at HUMC, and information in the CN indicates that they intend to achieve cost savings by decreasing fringe benefits and finding savings in the

severance program. Although they have agreed to hire no less than 75% of the employees, there is no indication whether the employees that will be hired will be full time, part time or per diem. It should be the policy of the DHSS to encourage labor practices in New Jersey hospitals that facilitate and promote the delivery of safe, quality health services that are accessible to all community residents, including the employees of the hospital itself; it does not seem that the operators at BMC share such sentiment.

HUMC Holdco's commitment to maintain HUMC as an acute care hospital for at least seven years, which is found on page 121 of the CN application as well as in the APA, may not be the enforceable guarantee of health care services that the community expects. This is the case, because it is our understanding that HUMC Holding has already agreed to sell the building for \$75 million to a Real Estate Trust Fund, without disclosing to DHSS or the public the terms of its lease with that company. But see CN Application Requirement to provide a copy of deed held by current owner, if such owner is not the applicant licensee, and a copy of the executed lease agreement or lease option held by the applicant licensee. Although the letter from Medical Properties Trust attached as Addendum A to the MHA's Responses to the First Set states that it represents an "agreement to provide financing" "for the purpose of acquiring and providing working capital for the Hospital," Medical Properties Trust's website indicates that it typically provides such financing pursuant to a "sale-lease back" arrangement. (<http://www.medicalpropertiestrust.com>).

In addition, as noted above, the APA permits HUMC Holdco to assign its interest in the real property to Medical Properties Trust, and the persons owning HUMC Holdco have entered into a similar sale-lease back arrangement with respect to BMC. In that situation, the owners of BMC sold the hospital's real property to Medical Properties Trust for \$58 million in February 2011—property that they sued the City of Bayonne to be valued at \$8 million for property tax purposes, and for which they paid less than \$18 million when they purchased the hospital out of bankruptcy in 2008. As a result of this transaction that is expected to occur immediately upon regulatory approval of this application, the owners of HUMC Holdco will have realized an immediate profit upon purchase of the hospital (See Letter to Hoboken City Council from Renée Steinhagen, dated June 23, 2011, attached hereto), and will be constrained by the terms of their lease. Because the applicant has not provided such lease to DHSS, neither DHSS nor the public know under what circumstances Medical Properties Trust may foreclose on the property, and for what uses it can use the buildings. Accordingly, **we request that DHSS refrain from approving this CN application until it has the opportunity to review and approve the Holdco's lease with Medical Properties Trust.**

Finally, throughout its CN Application and in press releases to the public, the MHA states that HUMC Holdco has agreed to \$20 million in capital improvements. However, the APA does not include such commitment. Instead, pursuant to §8.17 of the APA: "Capital Commitments. Purchaser may make available in purchaser's sole and absolute discretion, (but without any obligation to do so) in amount up to \$20.9 in the aggregate. . .") Because such commitment is discretionary, it is a promise that is simply hortatory, and not enforceable. See also Responses to Second Set at p. 6 (the "exact nature of capital expenditures will be determined after priorities have been determined.")

As a result of all the above factors, New Jersey Appleseed has serious concerns that the proposed transfer of license is likely to result in the deterioration of the quality, availability or accessibility of health services in the affected communities. Despite the applicants' rhetoric about its intent to collaborate and to create synergies with BMC, including the establishment of an accountability care organization, (Responses to Second Set at p.13), BMC's business model, which is based on excessive charges, high emergency room utilization, out-sourcing, reliance on part-time or per-diem staff, and providing service to patients out-of-network, has and will continue to have a negative impact on the delivery of health services in Hudson County. For these reasons, we respectfully request that you deny MHA's CN application to transfer its license.

In the alternative, we ask that any approval of the CN application before you include the following conditions:

1. HUMC Holdco must be required to infuse HUMC with a minimum of \$20.9 million for capital improvements, and they must provide DHSS with information supporting such investment in the facility, in addition to any other debt incurred on the hospital's behalf;
2. HUMC Holdco must provide to DHSS its lease with Medical Properties Trust, and any modifications to such lease;
3. HUMC Holdco must hire at least 75% of HUMC's current employees on a full-time basis, continue to maintain nurse/patient ratios sufficient to ensure safety and quality, and must continue to provide such employees with health insurance coverage;
4. HUMC Holdco must be required to assume and continue each of the current commercial insurance contracts of HUMC that were in effect on April 20, 2011 for at least 18 months after licensure;
5. Upon transfer of HUMC to Holdco and for one year thereafter, HUMC Holdco shall not modify the charge master for HUMC to increase any rate more than 10 percent of the charge in effect on April 20, 2011; and
6. If HUMC Holdco provides notice to terminate any insurance contract at any time, or imposes excessive charges at least 15% above the statewide average, it may be ordered to pay rebates or subject to other appropriate remedies to be determined by DOBI and DHSS.

HUMC Holdco, LLC has not made adequate commitments to continue to serve its fair share of indigent persons in the community.

There is little doubt, that an essential factor in DHSS's analysis under its CN regulations is whether the prospective licensee will continue to maintain the same or higher indigent and charity care levels that are currently provided by HUMC. It is quite telling that although MHA's CN application is replete with statements acknowledging HUMC's "prominent role as a

safety net for the uninsured and underinsured in the community,” (e.g., Responses to First et at p. 1), there is no stated commitment either in the CN application or the APA (equivalent to provisions set forth in the APA selling Memorial Hospital of Salem or Mountainside Hospital) creating an enforceable provision requiring the operators of BMC to maintain at least the same level of charity care that HUMC’s currently provided.

To the contrary, there are several indications that the new operators have adopted an operating model that focuses on capturing new insured patients, and increasing revenue from those patients, rather than concentrating resource on those currently served by the hospital. See Expected change in Payer Mix in CN Application at p. 127). See also Responses to First Set at pp.4-5 (operators intend to achieve “higher net recovery per unit of service from nongovernmental patients through improved managed care contracts,”) and Responses to First Set at p 1 (where operators intend to “compet[e] for those insured patients who are leaving Hudson County for elective care; including those going to New York,.”)

Indeed, the charity care numbers at HUMC are staggering compared to those at Bayonne, and we believe incompatible with the “Bayonne Model.” In Addendum 8:33-4.9/4.1, the MHA sets forth the charity care levels at HUMC since 2008, with a projection for 2011. In 2008, approximately \$9.8.004 million in care was provided; in 2009, that number increased to \$11.6164 million; in 2010, \$15.4625 million; and in 2011, the number is projected to be about a \$3million increase to \$15.7717 million. In 2010, BMC only provided \$4 million in charity care. See Addendum 052-57, BMC Improvements at p. 6. According to the numbers provided in that Addendum, 500 of Bayonne’s 7,627 in patient admissions were attributed to charity care patients (approximately 6.5%) whereas 17,000 of Bayonne’s 300,000 out-patient “encounters” (approximately 5.6%) were attributed to charity care patients. With respect to in patient admissions, the 500 number presents a decrease from BMC’s in patient charity care admissions of 933 in 2006. According to numbers secured from DHSS, in patient charity care admissions at BMC since emerging from bankruptcy were 664 in 2008 and 566 in 2009. In this way, the 2010 500 number represents a significant decrease in charity care service, a strong indication that the new operators of HUMC are unlikely to maintain the levels of charity care that are now provided at HUMC.

Accordingly, we ask that any approval of the CN application before you include:

7. an enforceable commitment to maintain the level of charity care that is now provided at HUMC.

Moreover, we urge DHSS to adopt, in the event that HUMC Holdco seeks to close a specific department or cease to provide a particular service, a presumption that such request is motivated by an attempt to avoid its charity care obligations if the proportion of charity care allocated to that department or service is greater than the average level of charity care provided at the hospital. HUMC Holdco should be given the opportunity to rebut such presumption; but if it cannot, the application to close the service must be denied.

There are no commitments to ensure financial transparency and avoid conflicts of interest in patient referrals.

There is little doubt that this CN application pays lip service to the need for community accountability by acknowledging that DHSS will require HUMC Holdco to place certain constituents on its corporate board and to create a Community Advisory Group within a certain number of days after closing. Indeed, the applicant has attached proposed By-Laws that are similar to those governing BMC, and which have been approved by DHSS. (Note: the proposed By-Laws name a representative of HPAE to the board instead of the relevant nurses union that is the current collective bargaining agent at HUMC). New Jersey Appleseed does want to point out, however, that such board appointments and the creation of a CAG have not provided sufficient accountability in Bayonne.

First, because of limitations placed on board members, such as confidentiality requirements, the representative of HPAE felt compelled to resign, and it is unclear whether other board members that are appointed in their representative capacity, such as the Mayor, are actually able to communicate and remain responsive to his/her constituents. This is a significant problem, and the Department must compel the new operators of HUMC to permit board members appointed to its board as community representatives to communicate and report to their respective constituents if genuine community accountability is going to be achieved. Furthermore, we point DHSS to its correspondence with Daniel Kane to understand BMC's lack of compliance with its conditions regarding the creation of the CAG. See Letter to Daniel Kane from John Calabria, dated February 5, 2010 (Re: Bayonne Medical Center, CN Conditions of Approval).

Financial transparency is another important issue that DHSS must address. Historically, the Department has conditioned its approval of for-profit conversions by requiring the for-profit hospital to report to the Department all monies going into the entity, and all monies going out of the entity for a minimum of three years. The operators of BMC resisted that condition, and the Department relented. We urge that you do not do so again. The Legislature is currently considering S. 1468 which seeks to equalize the financial reporting requirements of nonprofit and for-profit hospitals. It is our understanding that the current operators of BMC are leading the charge against that bill. Given that such persons are seeking the privilege of operating another hospital in New Jersey, we respectfully request that you impose that requirement on them for at least three years.

HUMC Holdco has also failed to provide information indicating that it will avoid conflicts of interest in patient referrals. Because this transfer of assets will result in a hospital that will now be accountable only to private investors, it is critical that DHSS compel HUMC Holdco to adopt strict procedures to avoid conflicts of interest inpatient referrals. These procedures must be applied if healthcare providers, physicians, insurers, board members of the staff of the new HUMC are offered the opportunity to invest or own an interest in HUMC Holdco or any of its affiliates. It is clear that a failure to adopt a conflicts of interest policy in patient referrals may have an adverse impact on the quality of services provided, and the capacity of the hospital to respond to the actual needs of the community.

DHSS Should Appoint an Independent Health Care Monitor

CHAPA permits the DHSS to hire an independent health care monitor (paid for by MHA) for a period of three years to monitor and report quarterly on community health care access by HUMC Holdco, including levels of uncompensated care for indigent persons. N.J.S.A. 26:2H-7.11(i). Although there is a technical question as to whether CHAPA applies to this transaction because it involves a public hospital (in contrast to a nonprofit hospital), the policy behind such provision applies here. Such monitor was appointed in the case of the sale of Memorial Hospital of Salem to CHS due, in part, to its reluctance to commit to maintaining certain levels of charity care in a number of hospitals that it was then operating in other states. Although the appointment of a monitor is in the discretion of DHSS, we believe that the acquisition must be conditioned on the appointment of such a monitor for many reasons, namely:

- a. The for-profit acquirer has not explicitly committed to maintaining the same charity care policies and levels of charity care as the selling hospital in the APA;
- b. The for-profit acquirer's past practices regarding emergency room admissions, charity care utilization, termination of insurance contracts, waiver of cost sharing and excessive average daily charges requires monitoring and the ability of DHSS to take corrective action; and
- c. HUMC Holdco has not committed to adopting a conflicts of interest policy in patient referrals, retaining sufficient employment levels of full-time staff to maintain hospital quality and safety standards, and maintaining comparable clinical nurse/patient ratios at HUMC.

All the above are likely to have an adverse impact on the quality, availability and accessibility of health care in the communities currently served by HUMC. An independent health care monitor is the mechanism provided by the Legislature to protect the public from such adverse consequences and thus should be appointed in this instance.

Conclusion

Since the enactment of CHAPA, New Jersey Appleseed has participated in several administrative and judicial hearings regarding the sale of nonprofit hospitals. We opposed the sale of Memorial Hospital of Salem County to CHS, an out-of state for profit hospital system, because of information we had at the time with respect to CHS's past practices concerning charity care, and the fact that there was a nonprofit alternative that was not selected by the seller. After that first conversion, New Jersey Appleseed focused its attention less on opposing the proposed transaction than seeking CN conditions (or conditions imposed by the Attorney General) that would impose similar requirements and obligations on the for-profit that were borne by the nonprofit seller with respect to charity care, financial transparency and community accountability. To our disappointment, DHSS did not impose the same financial reporting requirements on BMC that it had imposed on Memorial Hospital of Salem County and Mountainside Hospital, and did not appoint a health care quality monitor at Meadowlands as we requested nor did DHSS prohibit Meadowlands from terminating its insurance contracts for a period longer than one-year after acquisition (a practice first initiated in New Jersey by the operators of BMC). To the best of our knowledge neither the for-profit owners of Memorial Hospital of Salem or Mountainside engage in such out-of-network insurance contracting practices and excessive fees.

Now, given the track record of BMC, as documented above, New Jersey Appleseed can no longer merely ask for imposition of conditions since those conditions do not seem to adequately restrain business practices that have an adverse impact on the delivery of health care in Hudson County and the State generally. We strongly urge the State Health Planning Board and DHSS to disallow the operators of BMC from operating another hospital in New Jersey. A denial of the CN application in this case does not mean the closure of HUMC. Rather the MHA must go back to the drawing board, and select a nonprofit owner/operator that will adequately serve all the residents in Hoboken and its environs and that will contribute to solving New Jersey's systemic problems in its health care system rather than exacerbating them.

Respectfully submitted,

Renée Steinhagen
Executive Director