

September 12, 2006

Dear Colleague:

We are contacting you today on behalf of New Jersey Appleseed Public Interest Law Center and the MergerWatch Project concerning the potential implications of the pending sale of PBI Medical Center (PBI). PBI serves Passaic, Bergen and parts of Morris, Hudson and Essex counties in New Jersey. As you may have heard, PBI Regional Medical Center recently filed Chapter 11 bankruptcy reorganization. As a result of this filing, the hospital has been put up for sale and is currently accepting bids from potential purchasers.

When a community hospital is sold or merges with another hospital, patients and hospital staff can be directly affected. Significant changes could occur, for example, if the hospital is converted from nonprofit to for-profit status or from a nonsectarian hospital to a religiously-sponsored hospital that uses doctrine to restrict the availability of reproductive services and other types of treatment. Services may be reduced or eliminated, patients may be sent to other locations and staff may face job reductions or new hospital bylaws. For instance, Catholic hospitals operate under the *Ethical and Religious Directives* (ERDs) and when they merge or buy other hospitals the ERDs are usually imposed on the newly acquired entity. The ERDs do not allow for the provision of family planning services, emergency contraception, tubal ligations and can limit HIV/AIDS counseling to exclude the mention of condoms.

New Jersey Appleseed is a public interest law center that participates in hearings required under New Jersey's Community Health Assets Protection Act (CHAPA) on behalf of the public when hospitals merge or change mission and the MergerWatch Project is an organization committed to protecting patient's rights. It is our concern, based on past experience working on similar cases, that the purchase of PBI by either a for-profit entity or a religious hospital or system would drastically change the hospital's mission and services to the local community. We are also concerned that the community may not have an opportunity to voice their opinions about the sale.

Under CHAPA, any state resident has an opportunity to participate in proceedings related to a hospital sale or merger. PBI has requested that the CHAPA proceedings be expedited, due to the hospital's financial situation. This expedited review, however, could leave the public without an adequate opportunity to comment on the potential effect of the sale on patients, physicians and hospital staff.

We are reaching out to your organization in the hopes of discussing how we may work together to ensure that the charitable assets of PBI are protected and that patients may continue to receive the services they need at their local hospital.

New Jersey Appleseed and MergerWatch have intervened in several New Jersey hospital transactions which have preserved either services or the charitable assets of the hospitals. Together, we worked with local allies on the St. Elizabeth/Elizabeth General Hospital, Christ/Sisters of BonSecours, and the St. Joseph's/Wayne Hospital mergers as well as the purchase of Rancocas Hospital by Our Lady of Lourdes. In the first three transactions we were able to compel the set aside of funds to ensure the continuity of certain reproductive services to low-income women who were affected by the mergers. New Jersey Appleseed also was involved in the purchase of Salem Memorial Hospital by an out-of-state for profit and was able to ensure the establishment of a community based health care foundation that was the full market value of the nonprofit hospital.

It is imperative that we move quickly, because PBI is on a fast track to file bids with bankruptcy court by October 13<sup>th</sup> and to hold the auction sale on or around October 16<sup>th</sup>.

Please contact either of us to discuss this issue further.

Sincerely,

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