

## **GOVERNOR CHRISITIE: STATE TAXPAYERS AND NEWARK RESIDENTS NEED YOU TO SAVE SAINT MICHEAL'S MEDICAL CENTER AS A PUBLIC ASSET.**

This Thursday, November 3<sup>rd</sup>, bids will be due in the bankruptcy court for St. Michael's Medical Center ("SMMC:") with an auction set for November 5 if legitimate competing bids are received. A hearing to approve the sale by the bankruptcy court is set for November 12, which then must be followed by state approvals, including a hearing by the Chancery Division of the Superior Court.

If there is not an immediate call to force the State of New Jersey to credit bid on SMMC the State taxpayer will be in the outrageous position of being on the hook for approximately \$180 million without getting any control of the entity to ensure that it is used to benefit the residents of Newark. That financial burden is the remainder of the sum on the bonds that were lent to SMMC by the state hospital finance authority at the time SMMC closed St James Hospital and Columbus Hospital in 2008.

Without State action, it appears that Prime Healthcare Services ("Prime"), a for-profit entity, will literally be handed SMMC and its assets for \$49.2 million, only slightly more than one-fourth of the amount due on the bonds, without requiring that entity to assume any of the remaining debt.

It is unconscionable that the State taxpayers would be unprotected by the State and allowed to bear such a heavy tax burden without receiving any benefits. It is equally inconceivable that the State would be willing to socialize the losses while permitting a for-profit entity to pocket profits to the possible and likely detriment of University Hospital and the residents of Newark. This fact makes it equally baffling why local municipal officials and some clergy support the transfer of this debt to the backs of their own constituents without thinking through the consequences of their advocacy, all in name of allegedly "saving the hospital."

NJ Appleseed is completely aware that the State does will not plan to rectify this situation unless, of course, there is a last-minute headline in The New York Times or The Star-Ledger making this a national issue by calling Christie out on this complete injustice and demanding that he protect New Jersey taxpayers.

Unless credit for the bonds is placed on the bid, Prime truly has the future of the City of Newark's health care held captive. As a for-profit with a business reputation of employing an out-of network model, Prime has no interest in working with the State and other health care providers in Newark to make the necessary changes to the City's healthcare infrastructure. The future of Newark's health care should not be built on Prime's short term interest, but rather on the state taxpayer's interests and Newark resident's interests in establishing a financially sustainable system in Newark that actually services the residents of the City and the region.

Clearly, requiring the taxpayer to assume \$180 million in debt while handing the facility to an entity that is not missioned with serving the public is an egregious misuse of the public's finances and undermines the public's confidence in State leadership.. Additionally, by adopting a "take no-action" stance, Christie abuses and insults the taxpayers of New Jersey while running as

a "no new taxes" candidate for president. As some have been saying, Christie you must come home and be accountable to New Jerseyans. We are thus urging you to take the action necessary to ensure that state taxpayers are not unfairly burdened with this debt at the same time as communicating to Newark residents that you are committed to improving their health status by being an active partner in transforming the infrastructure in the City.

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