

CHAPA OUTLINE

I. Nature of Transaction

---Corporate Structure and Intent to Close Two facilities as Acute Care. St. James Care and Columbus Acquisition Corp both proposed to be incorporated as within and governed by the CHE healthcare ministries.

--consideration is the assumption of liabilities except the debt owed to Archdiocese (Cathedral Healthcare Services operating checking accounts were sub accounts of a cash management account held by Archdiocese, that was repeatedly overdrawn); CHE commitment to put in 25 million.

--State bonding for \$253 million.

--Anything else we see in Asset Purchase Agreement

II. Purchase by Out-of State Nonprofit—Strict Review Criteria Applies

---- Despite overriding sense of crisis here, AG must apply strict criteria and determine whether Board of Cathedral Health Systems, Inc. used reasonable and best efforts to find a purchaser to continue the mission of all three hospitals.

---- Exemption to such criteria not applicable since despite a Catholic to Catholic acquisition, CHE is clear that it does not intend to operate St. James and Columbus as acute care facilities.

---- Analysis

III Foundation and Dedicated Funds

--- Cathedral Healthcare System Foundation has not merged with Columbus Foundation and one has to ensure that the assets of the later are dedicated to providing healthcare services to the “Columbus community.” Indeed, those assets should be used to the greatest extent possible to continue to provide health care at the Columbus facility.

--other concerns

IV Fate of St. James and Columbus

--- both must remain dedicated to providing health care to the residents in the respective neighborhoods. Facilities should be used primarily or in part as healthcare facilities. And in the event of lease or sale, the revenue cannot be used solely to support St. Michael’s Medical Center as contemplate in response to Supplemental Question 28.

Must be used by the respective corporations, St. James Care and Columbus Acquisition to provide healthcare to residents served by those hospitals and in some instances that might mean allocation of the revenue to those healthcare facilities that are bearing the burden of closure. Means that an independent foundation needs to be created.

V. Health Care Monitor

Statute permits Commissioner to appoint health care monitor to ensure that there is no adverse impact in case of for-profit or out of state purchase.

---health care monitor has to provide leadership to all stakeholders in Newark to determine the health care needs of the community and the respective roles that SMMC, St. James and Columbus can play in satisfying those needs;

---Must consider creating new models of primary care at St. James and Columbus that provide a full gamut of services including dental, pediatrics, obstetrics/gynecology, psychiatric and senior care;

---Must consider providing emergency departments at all three facilities with adequate staff to link families to “medical” homes in their neighborhoods;

--must consider providing transportation between health care facilities in the neighborhoods and specialty care offered either in acute care facilities or other health facilities;

--must consider provision of services that currently have not been given such as those addressing the significant number of health conditions caused or triggered by environmental factors, especially in East Ward;

--must consider investments in information technology and training of nurse practitioners and physician assistants ready and able to provide primary care in community based facilities such as St. James and Columbus.

VI. Conclusion

-----The process that the CHAPA process contemplates to ensure that there is no negative impact on health care in a community and that resources dedicated to providing such health care remain in the community for the same or similar purposes has been turned upside down in this instance. A hospital is already closed prior to the Attorney General’s and Commissioner’s analysis and a community needs assessment is contemplated within two years of completion of the transaction rather than prior to completion. The State has pledge approximately \$250 million dollars to renovate St. Michael’s and close St. James and Columbus as acute care facilities WITHOUT ANY PUBLIC INPUT OR BOND APPROVAL BY THE VOTERS. And there has been no proper determination that this is the best and most appropriate investment by the State to ensure that the health care needs of Newark residents are adequately satisfied. Before

authorizing the bonding and approval of this transaction, State regulators must insist that a community needs study is done now, and if determined that St. James and Columbus should remain neighborhood health care facilities then the transaction can only be approved on keeping those facilities primarily or in part as healthcare facilities for at minimum ten years and the provision of specific services must be ordered as a condition of approval.