

# State of New Jersey

### DEPARTMENT OF HEALTH AND SENIOR SERVICES

PO BOX 360 TRENTON, N.J. 08625-0360

CHRIS CHRISTIE Governor

KIM GUADAGNO Lt. Governor www.nj.gov/health

MARY E. O'DOWD, M.P.H. Commissioner

November 2, 2011

## **VIA UNITED PARCEL SERVICE**

Bruce R. Gilbert, Esq. HUMC Opco, LLC c/o Fox Rothschild, LLP 2000 Market Street, 20th Floor Philadelphia, PA 19103

> Re: Hoboken University Medical Center Transfer of Ownership CN# FR 110503-09-01

Acquisition Cost: \$51.6 million Expiration Date: October 21, 2016

Dear Mr. Gilbert:

C:

Enclosed is a revised copy of the Certificate of Need (CN) approval letter dated October 21, 2011 for the acquisition of Hoboken University Medical Center (HUMC). The original letter indicated that HUMC Holdco, LLC is approved to acquire HUMC.

On October 25, 2011, the Department of Health and Senior Services (Department) was notified that on April 22, 2011, there was a "transfer of assets from HUMC Holdco, LLC to HUMC Opco, LLC." The Department considered this appropriate notification (not requiring formal review) of a transfer in accordance with the CN rules at N.J.A.C. 8:33-3.3(h)6 and indicated that it would issue the license to operate HUMC to HUMC Opco, LLC as requested.

However, on October 31, 2011, the Department was notified that the entity financing the acquisition required that the CN approval letter be revised to indicate CN issuance to HUMC Opco, LLC rather than HUMC Holdco, LLC. The enclosed revised letter substitutes "Opco" for "Holdco" throughout and makes no other changes.

I trust this satisfies the requirements of the lender.

Sincerely,

Devon L. Graf

Director

Office of Legal and Regulatory Compliance

William Conroy, Acting Deputy Commissioner Ruth Charbonneau, Chief of Staff John Calabria, Director



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Bruce R. Gilbert, Esq. HUMC Opco, LLC c/o Fox Rothschild, LLP 2000 Market Street, 20th Floor Philadelphia, PA 19103

> Re:Hoboken University Medical Center Transfer of Ownership CN# FR 110503-09-01 Acquisition Cost: \$51.6 million Expiration Date: October 21, 2016

Dear Mr. Gilbert:

I am approving your certificate of need (CN) application, submitted pursuant to N.J.A.C. 8:33-3.1, for the transfer of the ownership of Hoboken University Medical Center (HUMC) from the Hoboken Municipal Hospital Authority (HMHA), a New Jersey non-profit body to HUMC Opco, LLC (Opco), a New Jersey for-profit, limited liability company. The application is being approved at the acquisition cost noted above.

This CN approval is limited to the transfer of ownership of HUMC, a licensed acute care hospital with a 344-bed capacity comprised of 218 Medical/Surgical beds, 25 OB/GYN beds, 20 Pediatric beds, 16 Adult ICU/CCU beds, 30 Adult Acute Psychiatric beds, 19 Child/Adolescent Acute Psychiatric beds, and 16 Comprehensive Rehabilitation beds. The hospital's service complement would continue to include the existing 8 Inpatient Operating rooms, 2 Cystoscopy rooms, 1 Closed MRI unit, a Sleep Center, and Acute Hemodialysis services. HUMC would also continue the operation of the Center for Family Health at HUMC, a hospital based off-site ambulatory care facility, which provides primary care with wound care services. In addition, the hospital is committed to continuing its current designations as both an Intermediate Community Perinatal Center with 6 intermediate care bassinets, and as a Primary Stroke Center.

The standards that I am compelled to use in evaluating this application are set forth in statute (N.J.S.A. 26:2H-1 et seq.) and by administrative rule (N.J.A.C. 8:33). I must be satisfied that the application submitted by Opco is consistent with those requirements. A transfer of ownership of an entire general hospital or a transfer that will result in a new Medicare provider number for a hospital are subject to the full CN review process (N.J.A.C. 8:33-3.3(a)1). For the purposes of the review, the application was considered a transfer of ownership of a licensed facility currently offering health care services and not a reduction, elimination or relocation of health care services. Therefore, for the reasons that follow, I am approving, with conditions, the application submitted for the transfer of ownership of HUMC to Opco. I note for the record that my decision to approve this CN application is consistent with the recommendation of the State Health Planning Board (SHPB), which recommended approval of CN# FR 110503-09-01 with conditions, at its August 4, 2011 meeting. In issuing this decision, I reviewed the CN application for the transfer of ownership of HUMC, completeness questions, transcripts of the public hearing, written comments, exhibits, petitions, Department of Health and Senior Services (Department) staff recommendations, and SHPB recommendations. The referenced materials are incorporated and made a part of this final decision.

N.J.S.A. 26:2H-8, as well as N.J.A.C. 8:33-4.9(a), provide for the issuance of a CN only where the action proposed in the application for such certificate is necessary to provide required health care in the area to be served, can be economically accomplished and maintained, will not have an adverse economic or financial impact on the delivery of health services in the region or statewide, and will contribute to the orderly development of adequate and effective health care services. In making such determinations, I must take into consideration: (a) the availability of facilities or services which may serve as alternatives or substitutes, (b) the need for special equipment and services in the area, (c) the possible economies and improvement in services to be anticipated from the operation of joint central services, (d) the adequacy of financial resources and sources of present and future revenues, (e) the availability of sufficient manpower in the several professional disciplines, and (f) such other factors as may be established by regulation.

As part of the review process, the SHPB is also required to hold at least one public hearing in the service area of the health care facility within 30 days of the application being declared complete by the Department. A public hearing was held on July 21, 2011 at Our Lady of Grace Church in Hoboken with approximately 200 people in attendance. Public comment was divided approximately 3 to 1 in support of the application, with approximately 30 to 35 people speaking in favor and 10 opposing. Most of the speakers supported the transfer based on community need to continue health care services at HUMC, maintain jobs, and relieve local taxpayers from burdensome long term debt payments. Those opposing the transfer commented that HUMC's days as a hospital would be short lived and advocated for more stringent conditions on the transfer, including stronger guarantees for continuing existing insurance carrier agreements, employing current HUMC staff, and providing a more

certain future for the hospital regardless of ownership. The Department and the SHPB reviewed these concerns and adequately addressed the issues in the analysis and recommendations approved by the SHPB.

As to the specifics of this application, N.J.S.A. 26:2H-8(a) requires that I consider the availability of facilities or services which may serve as alternatives or substitutes. The applicant carefully and thoroughly examined its available options before deciding to proceed with the acquisition of HUMC. The applicant does not intend to downsize services or reduce availability to any service currently provided at HUMC. The applicant and the seller both believe the successful completion of this transfer of ownership will preserve the current level of health care services in the area. I have taken into consideration that there are five other hospitals in the county within a eight mile radius that offer comparable or expanded capabilities to HUMC, which have coexisted with HUMC and find this alternative to be the least disruptive to maintaining the current level of care and services. I agree that the proposed transfer of ownership, as opposed to the closure of the hospital, will preserve access to health care services for the community including the medically indigent and medically underserved population. Although the Department realizes that in the future, Opco may approach the Community Advisory Group and the Department with requests to modify services to strengthen the viability of the hospital, on balance, the stability to the community by this provider outweighs the alternative of reduction of acute care hospital inpatient and outpatient services or significant disruption resulting from an unplanned closure. Thus, I am satisfied that this criterion is met.

I also find that the requirement at N.J.S.A. 26:2H-8(b) to consider the need for special equipment and services in the area would be met in this case following the transfer of ownership, since Opco has agreed to offer the same services that are currently licensed at the present facility. However, Opco should prudently assess needs of the region.

With respect to N.J.S.A. 26:2H-8(c) regarding the possible economies and improvement in services to be anticipated from the operation of joint central services, I find that applicant's plan to share services and coordinate administration of HUMC and Bayonne Medical Center could have a positive effect on both hospitals. The business working relationship between these hospitals would help to control expenses, improve efficiencies, integrate care, and, thus offer reliable access to more financially secure facilities in their communities.

N.J.S.A. 26:2H-8(d) requires me to examine the adequacy of financial resources and sources of present and future revenues. Financial analysis of the Opco application undertaken by the Department indicates that Opco possesses adequate financial resources to accomplish the proposed project. I also recognize that Hoboken Municipal Hospital Authority could no longer afford the multi-million dollar annual operating losses at HUMC, which is currently between \$1.5 and 2 million per month. Projected losses at this rate would jeopardize HUMC's ability to operate into 2012. The acquisition

agreement for purchase of this hospital indicates that Opco would pay \$75 million for the purpose of both acquiring and providing working capital to ensure the hospital's future viability. With respect to N.J.S.A. 26:2H-8(e) regarding the availability of sufficient manpower in the several professional disciplines, I am satisfied that there will be sufficient qualified personnel since Opco has agreed to operate all of the existing beds and services presently at HUMC and hire at least 75% of all HUMC employees at the time of transfer.

N.J.S.A. 26:2H-8(f) requires consideration of such other factors as may be established by regulation. Therefore, I have taken into consideration the applicable administrative rules governing the services subject to full review (i.e., N.J.A.C. 8:33-1.1 et seg.). Opco is in compliance with the access requirements set forth in N.J.A.C. 8:33-1.1 et seg. and N.J.A.C. 8:33-4.10(a) to promote access to low income persons, racial and ethnic minorities, women, disabled persons, the elderly, persons with HIV infections, and other persons who are unable to obtain care. Opco specifically states in its application that "no changes in the services provided, or access thereto, for Medicare and Medicaid recipients and medically underserved are contemplated in connection with this transfer of ownership." The application further states that Opco "commits to continue to provide indigent care at the same levels currently provided by HUMC." I note these assurances and address them in conditions 5 through 8 of this approval. I also note that the availability and accessibility of health care services for all residents, including the medically indigent and medically underserved population, will be monitored by the Community Advisory Group as described in condition 11 of this approval.

In addition, N.J.A.C. 8:33-4.9(a) requires a demonstration by the applicant that this transfer of ownership shall not have an adverse impact on the population being served in regards to access and quality of care. Opco is subject to all existing administrative requirements and rules related to reporting of quality measures and patient safety and shall report to the Department consistent with required timeframes. Opco shall also provide summary reports to the Community Advisory Group on scores and recommendations for improvement. The applicant indicates that the transfer of ownership of HUMC, as opposed to any reduction in services or possible unplanned closure of the hospital, will preserve and enhance the financial viability of the hospital and allow it to continue as a general acute care hospital providing the same level of licensed beds and health care services in the community. In addition, Opco has made a commitment to maintain HUMC as a general acute hospital for at least seven years following the transfer of ownership.

Moreover, I find that Opco has provided an appropriate project description, which includes information as to the acquisition, operating costs and revenues, services affected, equipment involved, source of funds, utilization statistics, and justification for the proposed project (N.J.A.C. 8:33-4.10(b)), assurance that all residents of the area, particularly the medically underserved, will have access to services (N.J.A.C. 8:33-

4.10(a)), and assurance that it will meet appropriate licensing and construction standards (N.J.A.C. 8:43G-1.1 et seq. and N.J.A.C. 8:33-410(d)).

I note that the Department received several comments expressing concern that staff recommendations were released prior to the closing date for submission of public comments on this application. These public comments are intended to be considered as part of the record reviewed by the SHPB and the individual making the final decision. SHPB members received and reviewed all comments prior to their August 4 meeting, and I reviewed these same comments prior to my decision. In addition, the process includes as part of the routine agenda an opportunity for public comment on the day of the SHPB meeting. The public comments are to provide information for the SHPB members as the Board members review the Department's analysis. Furthermore, members of the public and organizations had requested copies of the application and the Department's analysis in advance of the SHPB meeting. In releasing the Department's analysis and recommendations, the Department is balancing often disparate interests and requests related to a CN application and the Department's analysis. As staff representatives present on the day of the SHPB, he or she is available to comment on any information offered to the SHPB and its applicability to the Department's analysis. I believe releasing the analysis to the public prior to the hearing with sufficient time to allow review is a reasonable action by the Department.

As noted, I have reviewed all comments, including correspondence to me and/or the SHPB, as well as the transcripts of the public hearing and the SHPB. Many of these comments suggested changes in the conditions noted in the staff recommendations, particularly those regarding insurance contracts. They also questioned the bidding process used by the HMHA in selecting Opco as the best applicant as well as the company's track record.

The SHPB significantly revised the staff recommended condition regarding insurance contacts. While I understand the access rationale behind the original recommended condition, I agree with the changes approved by the SHPB. I agree with the SHPB that a mandate to require specific contracting with current insurers through a CN condition (which then becomes a condition of continued licensing) could interfere with usual and customary business negotiations. I also agree with the SHPB on all other recommended conditions and have left them largely intact. However, I expect that Opco shall routinely update the Department on the status of those reasonable, usual, and customary business negotiations. The SHPB transcript (p.160) includes a discussion between the Chair and the Opco representative. In questioning what would happen to "people who are in the pipeline that their [insurance] contract be honored," Opco responded that "This will be a discussion with the health plan." My concern is that any transition period will be transparent to patients and that Opco will take all appropriate means to ensure that patients receiving services at the facility are aware of the transfer of license and the possibility that insurance coverage may have changed.

In reviewing the transcripts of the public hearing and SHPB meetings, I note that the chairwoman of the HMHA explained the bidding process used to ultimately select the current applicant. As a result of this explanation, the SHPB had no significant concerns about the process. I concur with the SHPB and find that the Department has no right or authority to question the bidding process as outlined by the HMHA chairwoman. The process used by the HMHA resulted in the only application before me and I must now review that application and reach a decision within the context of the statutory and regulatory criteria governing CN review. Furthermore, as noted by staff at the SHPB meeting, the current applicant, also the owner of Bayonne Medical Center (BMC), substantially complies with CN track record requirements and with the CN conditions placed on its acquisition of BMC in 2008.

In addition, there are a number of comments that I want to address, which include such concerns as the hiring of the current staff at the hospital; the length of time the applicant commits to maintaining the facility as a general hospital; the lack of a Community Health Care Assets Protection Act (CHAPA) review; the status of the applicant as a for-profit entity; and the recently released Navigant report on Hudson County hospital services.

Both the SHPB and I have independently reviewed these comments and concerns. Hiring of staff and the length of time in which to maintain the hospital are addressed in conditions 3 and 4, respectively. These are conditions similar to those placed on other hospital transfers, which are working appropriately. Thus, I concur with the recommendations of both the SHPB and staff on the content of these conditions. Absent compelling and verified staffing deficiencies at any licensed health care facility, it is not appropriate for me to mandate detailed staffing requirements. Since health care is a particularly dynamic enterprise, I find a seven year commitment to keep the hospital operational to be sufficient. Of course, this is a minimum time requirement. As condition 5 states, any elimination of services shall require the Department's approval after receiving an analysis of such a request from the Community Advisory Group required by condition 11.

In terms of CHAPA, the Office of the New Jersey Attorney General has determined that the hospital is currently "identified as a body corporate and politic, a governmental entity and an agency and instrumentality of the City of Hoboken" and is "not identified as a non-profit corporation organized under the non-profit laws of this State or any other State, and it is not a charitable entity." Pursuant to this determination, CHAPA does not apply because since the law applies only to "a non-profit hospital licensed pursuant to P.L. 1971, c.136." It is not within my authority to alter this determination.

The issue of the for-profit status of the applicant is one that has been raised in other hospital transfers. As I believe is appropriate neither staff nor the SHPB has ever determined that the for-profit status of an entity is one that is relevant in the review of CN or licensing applications. In other areas of health care licensing such as long-term

care, we see primarily for-profit ownership. There is also no statutory or regulatory authority for treating for-profit and not for-profit entities differently in CN or licensing reviews. In this particular case, it is clear that the hospital's current financial status is so precarious that its closure, along with the resulting health care service and economic disruptions, is a real possibility. Thus, in reviewing the only application before me that could avert closure, the fact that the acquiring entity is a for-profit organization is of no particular relevance. I also note that compliance with all CN and licensing requirements is equally enforced for all facilities, whether non-profit, for-profit or governmental.

Furthermore, the recently released Navigant report raises issues regarding the use of hospitals in Hudson County. I believe that the Navigant report contains useful and important planning information that must be seriously considered by each of the hospitals in the region. While some of this information can be used to inform individual facility decisions, additional value can be achieved through regional discussions and planning. Therefore, I will continue to facilitate meetings of interested parties from Hudson County and elsewhere to work to achieve consensus on the report's recommendations for the region, and if so, what specific steps are necessary and appropriate.

Based on the foregoing, I am approving the application for the transfer of ownership of HUMC. My decision to allow this transfer of ownership from the Hoboken Municipal Hospital Authority to Opco is based on the fact that the operation of HUMC under the proposed new ownership would be beneficial to the population in its service area since it will preserve access to health care services for the community, including the medically indigent and medically underserved population. I believe that this approval of a transfer of an existing license will not have an adverse impact on the other existing hospitals in Hudson County or the surrounding counties. There is no existing data to suggest that this transfer of ownership would change HUMC's relationship with other Hudson County hospitals or adversely impact the health status of the community.

Finally, I acknowledge that HUMC has had a long standing commitment to the residents in its service areas and believe that this approval will better enable the hospital, under its new ownership, to maintain and enhance its commitment to the community into the foreseeable future. I also note that the applicant's business model and marketing strategy could stimulate an increase in patient volume and, in turn, return the hospital to financial stability. For the reasons set forth in this letter and noting the approval of the SHPB, I am approving Opco's application for the transfer of ownership of HUMC subject to the following conditions, which I note were accepted by a representative of the applicant while addressing the SHPB:

 The applicant shall file a licensing application with the Department's Certificate of Need and Healthcare Facility Licensure Program (CNHCFL) to execute the transfer of the ownership of HUMC's license to Opco.

- The applicant shall notify the Department's CNHCFL in writing, specifically who is responsible for the safekeeping and accessibility of all HUMC patients' medical records (both active and stored) in accordance with N.J.S.A. 8:26-8.5 et seq. and N.J.A.C. 8:43G-15.2.
- 3. As noted by the applicant, Opco shall hire at least 75% of the employees who are currently employed at HUMC.
- 4. Opco shall operate HUMC as a general hospital, in compliance with all regulatory requirements, for at least seven years. This condition shall be imposed as a contractual condition of any subsequent sale or transfer, subject to appropriate regulatory or legal review, by Opco within the seven year period.
- 5. Opco shall continue all clinical services and community health programs currently offered at HUMC by the previous ownership. Any changes in this commitment involving either a reduction, relocation out of HUMC's current service area or elimination of clinical services or community health programs offered by HUMC's former ownership shall require prior written approval from the Department and shall be subject to all applicable statutory and regulatory requirements. Any request for reduction or elimination of clinical services or community health programs shall include the Community Advisory Group (see condition 11 below) written analysis and response to the request.
- 6. Opco shall continue compliance with N.J.A.C. 8:43G-5.21(a), which requires that "[a]ll hospitals . . . provide on a regular and continuing basis, out-patient and preventive services, including clinical services for medically indigent patients, for those services provided on an in-patient basis." Documentation of compliance shall be submitted within 30 days of the issuance of the license and quarterly thereafter for a period of seven years.
- 7. In accordance with N.J.S.A. 26:2H-18.64 and N.J.A.C. 8:43G-5.2(c), Opco shall not only comply with federal EMTALA requirements, but also provide care for all patients, including those eligible for charity care, who present themselves at HUMC without regard to their ability to pay or payment source.
- The value of indigent care provided by Opco, which shall be determined by the dollar value of documented charity care calculated at the prevailing Medicaid rate, shall not be limited to the amount of charity care provided historically by HUMC.
- 9. Opco shall establish a functioning Board of Trustees for the hospital responsible for implementing hospital-wide policy, adopting bylaws, maintaining quality of care, and providing institutional management and planning consistent with the HUMC organizational structure. This Board shall maintain suitable representation of the residing population of HUMC's service area who are neither themselves owners or employees of, nor related to employees or owners of, any Opco parent company,

subsidiary corporation or corporate affiliate. Annual notice shall be made to the Department of this Board's roster, along with any policies governing Board composition, governance authority and Board appointments.

- 10. Within 30 days of the issuance of the hospital's new license, Opco shall provide the Department with an organizational chart of the hospital and each service that shows lines of authority, responsibility, and communication between Opco and hospital management and board. Opco, as licensee, shall be responsible for compliance.
- 11. Within three months of approval of this application, Opco shall develop and participate in a Community Advisory Group (CAG) to provide ongoing community input to the hospital's CEO and the hospital's Board on ways that HUMC can meet the needs of the residents in its service area.
  - a. Subject to the provisions below, Opco shall determine the membership, structure, governance, rules, goals, timeframes, and the role of the CAG in accordance with the primary objectives set forth above, and shall provide a written report setting forth same to the hospital's Board of Trustees, with a copy to the Department and subject to the Department's approval, within 60 days from the date of formation of the CAG.
  - b. Opco shall minimally seek participation from each town in the service area of HUMC by offering a seat on the CAG to each town's mayor or his/her designee. Membership on the CAG shall include patient advocates, local public health officials, clinical practitioners whose mission is to ensure that New Jersey residents are provided fully-integrated and comprehensive health services, labor unions and community advocates.
  - c. Opco shall designate co-chairs of the CAG, one of whom shall be a member of the hospital's Board and one of whom shall be a community member. The community member cannot be an owner or employee of, nor be related to an employee or owner of any Opco parent company, corporate subsidiary or corporate affiliate.
  - d. A CAG representative shall be given a seat, ex-officio, on the hospital's Board of Trustees.
  - e. The co-chairs of the CAG shall jointly submit to the hospital's Board of Trustees, with a copy to the Department, a semi-annual report of the progress toward the goals of the CAG.
  - f. The co-chairs of the CAG shall jointly transmit to the hospital's Board, with a copy to the Department, quarterly and any special reports relative to the implementation of these conditions.

- g. Each member of the CAG shall be required to publicly disclose any and all conflicts of interest to the CAG members and the hospital's Board of Trustees.
- h. Opco may petition the Department to disband the CAG not earlier than three years from the date of CN approval and on showing that all of the above conditions have been satisfied for at least one year.
- 12. HUMC Opco, LLC shall submit to the Department, on an annual basis for the initial seven years following the transfer of ownership, with the first report due one year from the date the transfer occurs or upon request, the following:
  - a. An annual audit report prepared by an independent external auditor. The audit shall report all related party transactions in accordance with Generally Accepted Accounting Principles. The hospital shall also include an annual report on investments, capital expenditures, and transfers of funds from the hospital to any parent, subsidiary corporation, or corporate affiliate, which shall indicate the amount of funds transferred. Transfers of funds shall include, but not be limited to, assessments for corporate services, transfers of cash and investment balances to centrally controlled accounts, management fees, capital assessments, and/or special one-time assessments for any purpose.
  - b. All financial data and measures required pursuant to N.J.A.C. 8:31 B. In addition, the Early Warning System monthly indicators authorized by N.J.S.A. 26:2H-5(e) shall be submitted monthly to the Health Care Facilities Financing Authority. These monthly indicators include the following:
    - Days Cash on Hand
    - Days Account Payable
    - Days Account Receivable
    - Operational Margin
    - Average Monthly Census (vs Occupancy Rates).
  - c. An annual analysis of the service synergies and economies of scale through regionalization of Bayonne Medical Center and Opco, and how it addresses the recommendations in the Navigant Report related to consolidation.
- 13. Within 15 days of approval of this application, Opco shall provide a report to the CNHCFL detailing the communication plan to HUMC staff to the community, including but not limited to elected officials, clinical practitioners, EMS providers, concerning the approval of the transfer of license and the availability of fully-integrated and comprehensive health services. This shall include reference to the outreach plan referenced in Condition 15 below.

- 14. HUMC shall hold an annual public Board meeting pursuant to N.J.S.A. 26:2H-12.50 and develop mechanisms for the meeting that address the following:
  - a. An Opportunity for members of the local community to present their concerns regarding local health care needs and hospital operations and how Opco should address these; and
  - b. A method for Opco to publicly respond to the concerns expressed by community members at the annual public board meeting.
    - Opco shall develop these mechanisms within 90 days of this approval and share them with Department's CNHCFL Program.
- 15. An outreach plan shall be placed into effect to ensure that all residents of the hospital service area, especially the medically indigent, have access to the available services at the location. A self-evaluation of this effort shall be conducted on a yearly basis for seven years after licensure to measure its effectiveness including any payments accounted for activities, including but not limited to, outreach, community programs, and health professional education, and shall be submitted to the Department by December 31 of every year for review and comment and presented to the public at the hospital's annual public meeting.
- 16. Opco, LLC shall make reasonable attempts to renegotiate the current HMO and commercial insurance contracts of HUMC. If HUMC Opco, LLC provides notice to not assume or terminate such contracts at any time, it shall meet with the Department and the New Jersey Department of Banking and Insurance (DOBI) to discuss access issues and public notice to patients and other providers. Such a meeting shall occur at least 30 days prior to the termination of any insurance contracts.
  - a. HUMC Opco, LLC shall negotiate in good faith during the renegotiation of these contracts and the negotiation of any new contracts with HMO or commercial insurers. HUMC Opco shall provide to the Department written documentation of all on-going negotiations on a monthly basis. If any existing HMO or commercial insurer fails to respond to a request for negotiations, HUMC Opco, LLC shall notify the Department and DOBI to request assistance.
  - b. Within 10 days after the acquisition is completed, HUMC Opco, LLC shall post on the hospital's website the status (that is, whether or not a contract is in effect) of all insurance contracts related to actual patient care between the hospital and insurance plans, including all insurance plans with which HUMC contracted at the time of submission of this CN application.

- 17. For at least two years after licensure, HUMC Opco, LLC shall report annually to the Department on the hospital's payer mix and the number and percent of total hospital admissions that came through the hospital's emergency department.
- 18. Opco shall, in accordance with the provisions of N.J.S.A. 26:2H-18.59h, "offer to its employees who were affected by the transfer, health insurance coverage at substantially equivalent levels, terms and conditions to those that were offered to the employees prior to the transfer."
- Opco shall report annually and/or as required by a specific condition to the Department's Office of Certificate of Need and Healthcare Facility Licensure.
- All the above conditions shall also apply to any successor organization to Opco which acquires HUMC within seven years from the date of the Certificate of Need approval.

Failure to satisfy the aforementioned conditions of approval may result in sanctions, including license suspension, monetary penalties and other sanctions in accordance with N.J.S.A. 26:2H-1 et seq. and all other applicable requirements. Acceptance of these conditions will be presumed unless written objections are submitted to the Department within 30 days of receipt of this letter. Upon receipt of such objections, this approval will be deemed suspended and the project shall be reexamined in light of the objections.

We look forward to working with you and helping you to provide a high quality of care to the patients of HUMC. If you have any questions concerning this certificate of need, please do not hesitate to contact John Calabria, Director of the Department's Office of Certificate of Need and Healthcare Facility Licensure, at (609) 292-8773.

Sincerely,

Mary E. O'Dowd, M.P.H.

Commissioner

c: Vivek Garipalli, HUMC Opco Annette Tomarazzo, Chairwoman, HMHA Judy Donlen, Chairwoman, SHPB John A. Calabria, DHSS