The Affordable Care Act (ACA) has prompted many changes in the way health care is delivered. In addition, the ACA has also spawned new philosophies in addressing chronic and endemic illnesses among populations. A superficial glance at the latest trends appears to indicate some dramatic contradictions. On one hand, the government is mandating what can be interpreted as an individualized approach to health care. However, they are simultaneously encouraging the industry to be very broad and almost global in their applications. These policy inconsistencies appear quite puzzling.

Since the implementation of the ACA, health care officials and providers are strongly advocating “patient-centered” health care. This concept urges doctors to become fully engaged with their patients. The underlying principle is that when a physician knows about the patient’s history, desires and expectations, the more effective he will be in his treatment. Also, there is value in involving the patient and the family in designing a treatment program or health regimen. The end result is an individual care model and a personal blueprint for a healthier life style.

The patient-centered approach to health care is strongly advocated by New Jersey’s largest insurer, Horizon Blue Cross Blue Shield of NJ. It is also being incorporated into the New Jersey State Health Benefits Plan for our public employees and retirees. Experts believe that having more individualized treatment plans and healthier lifestyles will lead to fewer doctor visits and lower doctor bills.

Ironically, some current trends in health care delivery practices appear to run contrary to the patient-centered philosophy. Under the ACA, funding was made available to open new Federally Qualified Health Centers (FQHCs.) These health centers are community-based so that individuals can receive their treatment locally and not fill up the more expensive hospital emergency rooms. There are now over 9,000 of these sites in the US that serve over 23 million patients each year. The FQHCs now play such a vital role in health care that the federal government funded the opening of 164 more facilities in May of this year and recently announced the funding for 266 more.

FQHCs may increase the access to health care, but they appear to run counter to the patient-centered care approach. Often these centers employ part-time physicians or have a pool of doctors who rotate coverage. There are also times when patients may be seen and treated by a physician’s assistant or a nurse. Developing a personal relationship with a doctor in this environment is nearly impossible.

Another initiative moving forward in the health care industry is the pursuit of “population health.” Under this model, the goal is to improve the health of an entire human population through health care policy, distribution and management. The population health prototype arose from the massive quantities of research and health reporting data that is now available to medical and health care professionals. In addition to health and medical statistics, factors such as environment, diet, culture, family structures, social conditions, etc. are

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flexibility to identify new and unique opportunities, not the expected roadblocks. As a result of the industry’s ingenuity and foresight, New Jersey’s health care system did not retreat or collapse. Rather, it has emerged from that transitional period as a stronger network with more accessibility to health care for the public.

The strategic planning for health care reform by our industry leaders has been very proactive. Their initiatives are bold and innovative. From the new mega-hospital systems down to the neighborhood urgent care clinics, New Jersey’s health care delivery is as diverse and expansive as its communities. More importantly, it is readily apparent that these initiatives are not the culmination of a single challenge, but the beginning of a dynamic new era in health care.

This new energy is evident at the Authority. As of July 2015, the Authority has been working on a variety of financing deals for eight (8) separate facilities, with a few organizations seeking multiple transactions. These financings include an assortment of requests ranging from new money for acquisitions and construction, to refunding for the advantageous interest rates. The Authority also provided funding through the Master Leasing Program as well as a direct loan through the newly expanded Federally Qualified Health Center Loan program.

I have said that our work at the Authority does not simply reflect the current status of New Jersey’s health care system, but indicates its direction as well.

From where I sit, I see that last year’s uncertainty has been supplanted by growth and innovation. Our providers have big plans and we are here to help them achieve their goals.

- Mark E. Hopkins

Jessica Feehan was named as the Designee for the Department of Human Services on June 26, 2015. Ms. Feehan was hired as the Administrator of the Office of Reimbursement at the Division of Medical Assistance and Health Services on July 1. Ms. Feehan has seven (7) years of experience in New Jersey’s Medicaid program. She earned a Bachelor’s degree in Criminal Justice from Seton Hall University and a Master’s Degree in Criminal Justice from John Jay College.

Greg Lovell has served as the Designee for the Commissioner of Human Services on the Authority since September 3, 2012. Due to an expanded role and increased responsibilities at the Department, Greg is no longer able to serve in this capacity.

Thank you & Good Luck!

Ibrahim Omar served as the Authority’s intern this summer. Ibrahim is beginning his sophomore year at Rutgers where he is studying finance. He previously interned with Access Capital Investments in Little Ferry and is the founder of MYCC sports, a non-profit youth sports league in Parsippany with over 1,000 members.
also used create a comprehensive assessment of the health history of the population.

With this data, commonalities and trends can be identified for a specific population set, or subset. Now, the prevalence of a certain illness or disease common to the population can be detected, as well as the possible cause. This information is then used to develop policies and plans that will minimize or eliminate a negative health element from that population.

“Population health” is essentially a “whole health” approach that will enable the development of health policies, treatments and lifestyle changes for the benefit of an entire population. It is similar to the anti-smoking campaigns since the 1960’s. This effort has reduced the number of lung cancer patients and deaths, albeit slowly. In a macro view, the program is a statistical success. These results however do not help the smoker who has just been diagnosed with lung cancer.

So, how does one resolve the perceived contradictions between the patient-centered treatment approach and the government’s expansion of community health centers and movement toward population health?

As in most evolving public policy matters, things are not always as they seem on the surface and this is no exception. The primary goal of the ACA was to make health care affordable. This is being accomplished by creating lower cost health insurance policies, expanding Medicaid and increasing the number of health care delivery outlets.

Going forward, however, the best way to keep health care costs low is for people to be healthy as individuals and as a nation. Affordability, by itself is temporary. Inflation and other external factors will continue to drive up costs. In other words, the ACA is not the absolute solution.

The ACA will need supplements to succeed in the future. Patient-centered health care is just one component to the overall strategy. However, for this to work, you must have a primary care physician.

The millions of individuals who use the local community health centers will not have a single primary care physician. Patients may not see the same doctor each time. In many cases, though, the collaboration by the professional staff combined with the increased use of electronic health records can come fairly close to patient-centered care.

Finally, the pursuit of population health will enhance “all of the above.” Current information and technological advancements can identify pervasive diseases, their possible causes as well as detect health trends. This information will be used to craft cogent policies and programs aimed at eliminating certain diseases and creating a healthier environment for everyone.

Today’s health care trends may appear contradictory. They may not seem very compatible. But, they are not actually a conundrum. In reality, they are complimentary. Independently, they are each one crucial piece of a very complicated and very expensive puzzle. Together, they begin to advance a solution to that puzzle.

The Lakewood Resource & Referral Center, (LRRC) is an approved Federally Qualified Health Care Center. LRRC requested a direct loan from the Authority for their Center for Health Education, Medicine and Dentistry known as “CHEMED”. The loan will be used to finance/refinance a portion of the start-up costs associated with an expansion of services that includes a new state-of-the-art Women’s Health Department and a new Radiology Department.

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The bonds were privately placed with Siemens Public, Inc.

The transaction resulted in a present value savings of $7,879,475 or 28.989% of refunded bonds. The all-in TIC was approximately 2.91%.

FINANCING NOTES

Children’s Specialized Hospital

On April 2, 2015, the Authority closed on $27,200,000 of bonds issued on behalf of Children’s Specialized Hospital.

The bonds will be used to fully refund and redeem the outstanding portion of the Children’s Specialized Hospital Series 2005A bonds issued by the NJHCFFA and pay the related costs of issuance.

The Authority, under the recently expanded FQHC Loan Program, granted LRRC a $1,500,000 variable rate loan that is based on the interest rate of the NJ Cash Management Funds, plus 2%. The interest rate at the closing was 2.09%.
Authority Members Update

Mary O’Dowd resigned after serving more than four years as Commissioner of the Department of Health and as the Chair of the Authority. As Commissioner, Ms. O’Dowd focused on building healthier communities, end of life planning and working smarter. In addition, she was responsible for securing over $1 billion annually for safety net health care and increasing the funding for Graduate Medical Education to $127 million per year. Ms. O’Dowd has been appointed to the Board of Directors of NJ Blue Cross Blue Shield, Inc.

Elizabeth Connolly became the Department of Human Services’s Acting Commissioner on February 28, 2015, replacing Commissioner Jennifer Velez. In her 26 years at the Department, she has worked in various roles, most recently as the Chief of Staff. She began her career in the Department’s Division of Family Development, and then worked in child welfare reform as the Director of Data Analysis and Reporting in the Office of Children’s Services. Ms. Connolly also served as the Director of Research and Evaluation, a Special Assistant to the Commissioner and led the Department’s Superstorm Sandy recovery initiatives as well as emergency preparedness activities related to Ebola Virus Disease. She holds a Bachelor of Arts degree and Master’s in Public Administration from Seton Hall University.

Ken Kobylowski resigned as Commissioner of Banking and Insurance on June 10, 2015. Mr. Kobylowski joined the Department in 2010 and was appointed as the Commissioner in 2012. Recently, Mr. Kobylowski was named as the Senior Vice President of Provider Contracting and Network Operations for AmeriHealth NJ.

Cathleen D. Bennett began serving as Acting Commissioner of the New Jersey Department of Health on August 1, 2015. As such, Ms. Bennett serves as the Chair of the Authority. Ms. Bennett joined the Department as the Director of Policy and Strategic Planning in August 2010.

Richard J. Badolato, became the Acting Commissioner of the Department of Banking and Insurance on August 3, 2015. Mr. Badolato has practiced law for 47 years. His experience on the trial and appellate levels in State and Federal Courts includes: medical, legal, and dental malpractice. Mr. Badolato also served as Chairman of the Supreme Court of NJ Commission on Professionalism in the Law. Mr. Badolato received his law degree from Rutgers University and his Bachelor’s from Fairfield University.
Retirements!

**Suzanne Walton** retired on April 1, 2015. Suzanne worked over 28 years with the Authority, rising through the ranks to become the Director of Project Management in 2012.

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**Emmerson “Gene” Sullens** retired from the Authority on April 1, 2015. Gene was hired by the Authority in 2000 as the Network Administrator. Prior to that, Gene was a Report Writer Analyst at the NRI Group and was an Applications Analyst at the Devereux Foundation.

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Welcome!

On March 31, 2015, the Authority hired **Nino McDonald** as our Database Analyst. Nino, a graduate of Syracuse University, worked previously as a Health Information Management Analyst at Cooper University Hospital. Prior to that, Nino was a Report Writer Analyst at the NRI Group and was an Applications Analyst at the Devereux Foundation.

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Congratulations!

In May, **Bill McLaughlin** was promoted to the newly created Assistant Director of Project Management position. Bill has been with the Authority for 15 years working in Project Management.

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On April 1, 2015, **Emmerson “Gene” Sullens** retired from the Authority. Gene was hired by the Authority in 2000 as the Network Administrator.

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On April 27, 2015, the Authority hired **John Johnson** as our Network Administrator. John served as the Manager of Systems and Network Administrator for the Dataram Corporation in Princeton from July 1975 until this year.

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**Bernie Miller,** the Authority’s Construction Compliance Officer, celebrated his 10-year anniversary at the Authority on May 23.

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_Thank you and good luck!_

_Keep up the good work!_
The Authority is one of the top 85 issuers of municipal bonds in the country and is consistently one of the top five issuers of bonds in New Jersey each year.

The Authority has issued over $20 billion in bonds since its inception and has completed over 500 financings on behalf of over 185 different health care organizations.

The Authority currently has financings outstanding for approximately 80% of the State’s hospitals or hospital systems.

For most Authority Borrowers the benefits to borrowing money from bonds issued by the Authority is the lower interest rate resulting from the ability of the Authority to issue tax-exempt bonds. Currently this saves our borrowers an estimated 1.46% over taxable bonds or loans of similar credit quality.

In 2014, Borrowers saved $34,000,000 in Present Value Savings from refunded bonds.