

These are the Minutes of the New Jersey Health Care Facilities Financing Authority’s regular meeting held on February 27, 2025, on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

The following ***Authority Members*** were in attendance:

Via Microsoft Teams: Noah Glyn, Designee of the Commissioner of Health (Chairing); Greg Lovell, Designee of the Commissioner of Human Services; Manny Paulino, Designee of the Department of Banking and Insurance; and Public Members Bridget Devane and Arthur Kapoor. *Sam Maddali joined via Teams at 10:06 a.m.*

The following ***Authority staff members*** were in attendance:

On-Site: Frank Troy, Ron Marmelstein, Cindy Kline, Bill McLaughlin, Jeff Solimando and Alpa Patel. ***Via Teams:*** Taryn Rommell and Jose Lora. ***On the phone:*** Edwin Fuentes and Tracey Cameron.

The following ***representatives from the State and/or the public*** were in attendance:

On-site: Stephanie Gibson, Attorney General’s Office; ***Via Microsoft Teams:*** Sam Kovach-Orr, Governor’s Authority Unit, Sarah Best, Planned Parenthood of New Jersey and Carrie Camp, NJ Department of Health.

CALL TO ORDER

Noah Glyn, Designee of the Commissioner of Health reminded Members to identify themselves before making or seconding a motion, both on the phone and in person. He then called the February 27, 2025, Authority meeting to order at 10:03 a.m. by announcing that this was a regular meeting of the Authority, held in accordance with the schedule adopted at the May 23, 2024, Authority meeting.

Mr. Glyn stated that in compliance with the Open Public Meetings Act and the Authority's By-laws, a notice of this meeting was mailed to *The Star-Ledger*, the *Courier Post* and provided to numerous other newspapers and media outlets serving New Jersey, early enough to publish an announcement at least 48 hours in advance of this meeting.

Mr. Glyn called on Authority Communications Specialist Jeff Solimando to call the roll and establish attendance, and a quorum was established.

1. APPROVAL OF MINUTES

- January 23, 2025

The Minutes of the Authority’s last regular meeting, held on January 23, 2025, were distributed for the Members’ review and approval prior to today’s meeting. Mr. Glyn reminded Members that only those in attendance or who have familiarized themselves with the minutes should vote.

Mr. Glyn requested a motion to approve the January 23, 2025, Minutes. Ms. Devane made the motion and Mr. Paulino seconded. Mr. Glyn confirmed who made the motion and who seconded it and then asked if there were any questions or comments on the motion. There were no questions or comments. Mr. Glyn then called for a vote. All Members voted in the affirmative, and the motion was approved.

2. AUTHORITY EXPENDITURES

Mr. Glyn referenced a summary of Authority expenses and invoices provided to the Members and asked if there were any questions or comments on the material distributed. Mr. Glyn requested a motion to approve the bills and authorize payment. Mr. Paulino made the motion to approve the expenses. Mr. Kapoor seconded. Mr. Glyn confirmed who made the motion and who seconded it and then asked if there were any questions or comments on the motion. There were no questions or comments. Mr. Glyn called for a vote. All Members voted in the affirmative, and the motion was approved to accept all expenses as submitted and authorize payment.

AB RESOLUTION NO. 2025-02-A

WHEREAS, the Members of the Authority have reviewed the memoranda dated February 19, 2025, summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and the memorandum dated February 19, 2025, summarizing general operating expenses, in the amounts of \$8,500.00 and \$7,605.97, respectively, and have found such expenses to be appropriate;

NOW, THEREFORE, BE IT RESOLVED that the Members of the Authority hereby approve all expenses as submitted, and authorize the execution of checks representing the payment thereof.

3. STAFF REPORTS

Mr. Glyn asked Executive Director Frank Troy to present his Executive Director's report.

Mr. Troy reported the following:

1. Authority Members, their designees, and Authority staff are reminded that the State disclosure season has begun. Thank you all for completing the Annual Outside Employment Questionnaire for Special State Officers and the Annual Personal & Business Relationship Disclosure Form on a timely basis. If you have any ethics-related questions, please contact Robin Piotrowski, the Authority’s Ethics Liaison Officer, or me.

2. New Jersey Hospital News
 - a) *The Jersey Journal* looked at Hudson County hospitals before ceasing publication on February 1, 2025. One article focused on the three CarePoint hospitals and the challenges posed by operating in a lower-income, very competitive market. In an opinion piece, Joan Quigley listed the Hudson County hospitals that no longer exist as well as discussing the current state of health care in the county.
 - b) Hackensack Meridian Health (“Hackensack”) was in the news recently. Hackensack entered into a strategic affiliation agreement with Apollo Hospitals, the largest private health care system in India. The collaboration will initially focus on the nursing shortage, with Apollo nurses providing telehealth support at first, and will eventually lead to those nurses working in the U.S.
 - c) *ROI-NJ* interviewed Hackensack CEO Robert Garrett about his involvement with the World Economic Forum, artificial intelligence, and the future of health care. Mr. Garrett also recently received the New Jersey Chamber of Commerce Thomas H. Kean Sr. Business Leadership Award.
 - d) Hackensack COO Mark Stauder recently began his term as the 2025 board chair for the New Jersey Hospital Association.
 - e) Hackensack has been unable to reach an agreement with Horizon Blue Cross Blue Shield of New Jersey despite lengthy negotiations. Hackensack will be out of the Horizon network as of June 1st if a new contract is not agreed upon.
 - f) New Jersey hospitals continue to receive high rankings from well-regarded sources such as *Becker’s Hospital Review*, The Leapfrog Group, *U.S. News and World Report*, and Healthgrades. Morristown Medical Center and Overlook Medical Center were among Healthgrades “America’s 50 Top Hospitals for 2025.” Both are affiliates of Atlantic Health System (“AHS”).
 - g) In other AHS news, the system has revised plans for the proposed billion-dollar expansion of its Morristown Medical Center campus after receiving negative feedback from residents and local officials. No date has been set yet for the unveiling of the latest plans.
 - h) Mark Manigan and Frank Pipas of RWJBarnabas Health, Dennis Pullin, and Bob Segin of Virtua Health were among *Becker Hospital Review’s* “30 Highly Successful CEO-CFO Duos for 2024.”
 - i) Cooper University Health Care (“Cooper”) was one of nine health care-focused organizations, but the only hospital, to be named in “America’s Best Large Employers” ranking by *Forbes*. Cooper was ranked 193 overall.

- j) Authority staff has learned Bob Nesselbush is serving as interim CFO of St. Joseph's Health.
- k) John Mordach has left his role as executive vice president and CFO of Jefferson Health, effective February 14th, according to *The Philadelphia Inquirer*. Thomas Marchozzi, Jefferson's chief integration officer and former CFO of Lehigh Valley Health, will serve as acting CFO for the health system until a permanent replacement is found. Mr. Mordach's resignation came on the same day the system reported a \$55.3 million operating loss on revenues of \$7.4 billion for the six-month period ended December 31, 2024. Jefferson Health is the parent of the former Kennedy Health System.

3. Ratings Agency Actions and Publications

- a) Fitch Ratings ("Fitch") upgraded Authority Bonds issued on behalf of University Hospital ("University") five notches from BB- to BBB+, which is investment grade. You may recall Fitch downgraded University four notches from BBB to BB- in 2018, after a new Government Accounting Standards Board ("GASB") pronouncement required University to recognize its substantial pension liability on its balance sheet. Fitch now recognizes the high likelihood of continued State support. The outlook is Stable.

4. New Jersey Health Care News

- a) A number of opinion pieces on New Jersey health care have recently appeared on several news sites. The author of a piece on *NorthJersey.com*'s website calls on the Legislature to take action on rising health insurance costs which she attributes to hospitals. The author suggests cost accountability, improved price transparency and an independent watchdog that would limit annual growth in health care spending.
- b) Another opinion piece in *The Trentonian* points out that per capita healthcare spending in the Garden State has grown by nearly 5% annually from 1991 to 2020, far outpacing the average income growth of 3.59% – leaving patients, taxpayers, and state budgets to shoulder the burden. Currently, 8 out of 10 New Jersey residents are worried about how they will pay for care.
- c) Finally, a piece in the *Asbury Park Press* suggests that eliminating hospital property tax breaks would lower the tax burden on the State's citizens, which is the highest in the nation.

5. National Health Care News

- a) The December 2024 Kaufman Hall *National Hospital Flash Report* noted that expenses rose in 2024, but did not outpace inflation on a volume-adjusted basis. The workforce continues to be competitive. Bad debt and charity care rose in 2024. This trend may reflect the continued Medicaid redetermination process and increase in the rate of payer denials.

- b) According to the Centers for Medicare & Medicaid Services (“CMS”), national health expenditures (“NHE”) grew 7.5% to \$4.9 trillion in 2023, which is \$14,570 per person. NHE was 17.6% of the year’s gross domestic product. Prescription drug and hospital spending had the highest percentage increases over 2022, at 11.4% and 10.4%, respectively.
- c) The Healthcare Financial Management Association recently published an article on public dissatisfaction with the U.S. healthcare system. A recent Gallup poll found that less than 20% of participants were satisfied with the cost of care. Approximately 60% thought the quality of care was excellent or good. This is down, however, from over 80% in 2020. The article lists a number of areas that providers should look at, such as access, providing charity care, prior authorizations, and price transparency.
- d) A University of Georgia Terry College of business professor argues that the problem of high health care costs could be attributed to the industry’s practice of having no set pricing, which he refers to as “opaque pricing.” Unlike most businesses that use pricing to compete with customers, the lack of set pricing prevents consumers from seeking cheaper alternatives making it anticompetitive. He called on regulators to use antitrust laws to increase price transparency, which would lead to more competition and possibly lower prices.
- e) Fierce Healthcare listed top 2025 policy issues for hospitals, payers, physicians and the tech sector. For hospitals, they include extending Affordable Care Act subsidies, insurers’ tactics to limit payouts, and the potential for Medicaid cuts.

6. Bond and Tax Legislation and Regulatory News

- a) The tax-exempt status of municipal bonds and not-for-profit hospitals continues to receive significant attention. The American Hospital Association (the “AHA”) put out a fact sheet outlining support for maintaining the availability of tax-exempt financing and protecting hospitals’ tax-exempt status. The AHA also opposes efforts to impose “arbitrary minimum charity care levels” on hospitals in order to maintain their tax-exempt status.
- b) Consulting firm Kaufman Hall wrote about the implications for hospitals if access to tax-exempt financing is lost. The authors see that small to medium-sized hospitals could potentially find borrowing much more difficult. In addition to higher taxable interest rates, small, lower-rated borrowers could be subject to stricter terms. These issues could lead to more mergers with larger, more financially sound systems.
- c) Finally, ChatGPT was asked what the best arguments are in support of and against private activity tax-exempt bonds. The results are included in this month’s articles.

7. Other News

Governor Murphy gave his final budget message to a joint session of the State Legislature on February 25th. The Governor has indicated the fiscal 2026 budget will be tight and there is much uncertainty at this time regarding how actions in Washington will affect New Jersey. The State Department of Human Services modeled the impact of several proposals put forward by Congressional Leadership on New Jersey's hospitals. The statewide impact could be in the billions.

8. Authority News

- a) You may recall that at the January 23, 2025, Authority meeting, I reported the Authority will join tax-exempt bond advocacy efforts by our trade association, the National Association of Health and Educational Facilities Finance Authorities ("NAHEFFA"), and other State authorities. Earlier this month, the Authority sent letters to New Jersey's Congressional delegation listing the benefits of tax-exempt bond financing for health care organizations. Each letter included the hospitals and health systems in their district that financed projects with tax-exempt debt, including those done through other authorities. A sample was included with this month's articles.
- b) The next regular Authority meeting will be Thursday, March 27th, 2025, at 10:00AM.

4. ADJOURN

As there was no further business, Mr. Glyn asked for a motion to adjourn. Mr. Kapoor made the motion and Mr. Maddali seconded. Mr. Glyn confirmed who made the motion and who seconded it and then asked if there were any questions or comments on the motion. There were no questions or comments. Mr. Glyn then called for a vote. All members voted in the affirmative, and was the meeting adjourned at 10:20 a.m.

I HEREBY CERTIFY THAT THE FOREGOING IS A TRUE COPY OF MINUTES OF THE NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY MEETING HELD ON FEBRUARY 27, 2025.

Cindy Kline, Assistant Secretary