

These are the Minutes of the New Jersey Health Care Facilities Financing Authority's regular meeting held on June 26, 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); and Public Members Bridget Devane, Arthur Kapoor and Tom Sullivan.

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

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

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

On-site: Stephanie Gibson, Attorney General's Office; Sam Kovach-Orr, Governor's Authority Unit. ***Via Microsoft Teams:*** Tamara Cunningham, RWJBarnabas Health.

CALL TO ORDER

Noah Glyn, Designee of the Commissioner of Health, called the June 26, 2025, Authority meeting to order at 10:01 a.m. by announcing that this was a regular meeting of the Authority, held in accordance with the schedule adopted at the May 22, 2025, 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* and 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; however, before the roll was called, Mr. Glyn asked voting Members to turn their cameras on as they vote.

After the roll was called, a quorum was established.

1. APPROVAL OF MINUTES

- May 22, 2025

The Minutes of the Authority's last regular meeting, held on May 22, 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 then requested a motion to approve the May 22, 2025, Minutes. Mr. Sullivan made the motion and 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 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. There were none.

Mr. Glyn requested a motion to approve the bills and authorize payment. Ms. Devane 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. 2025-06-A

WHEREAS, the Members of the Authority have reviewed the memoranda dated June 18, 2025, summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and the memorandum dated June 18, 2025, summarizing general operating expenses, in the amounts of \$37,4100.00 and \$39,296.95 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. On June 16, 2025, the Senate Finance Committee released its initial draft language for the budget reconciliation bill. Like the House version, it includes no negative provisions for private activity bonds such as those issued by the Authority. Because the bill has not been finalized yet, additional language could be worked in.

2. New Jersey Hospital News

- a) CarePoint Health emerged from bankruptcy on May 22, 2025, having satisfied all conditions imposed by the bankruptcy court. This paves the way for the formation of Hudson Regional Health, a four-hospital system in Hudson County (the “System”). The System will be comprised of not-for-profit hospitals, Hoboken University Medical Center and Christ Hospital, as well as for-profit Bayonne Medical Center and Hudson Regional Hospital (“Hudson”). Hudson Chairman Yan Moshe will serve as the System’s chairman and Hudson CEO Dr. Nizar Kifaieh will serve as CEO of the System.
- b) Jefferson Health (“Jefferson”) announced a five-year extension of CEO Joseph Cacchione, M.D.’s contract. Dr. Cacchione has been Jefferson’s CEO since 2022. Jefferson is the parent of the former Kennedy Health System.
- c) A cyberattack on Cooper University Health Care (“Cooper”) in May of 2024 may have exposed the personal data of nearly 60,000 patients. In response, Cooper implemented additional security measures and offered complimentary identification protection services to those affected. At least two class-action suits have been filed against Cooper due to the incident.
- d) Hackensack Meridian Health (“Hackensack”) CEO Robert Garrett will receive a Lifetime Achievement Award at the upcoming NJBIZ Health Care Heroes event. Mr. Garrett began his career with Hackensack in 1981 and has received numerous awards and honors during his tenure with the organization. Mr. Garrett was recently interviewed by *Becker’s Hospital Review* and noted he considers himself a “chief mission officer” as well as a CEO.
- e) During a 75th anniversary celebration on May 28, 2025, Virtua unveiled plans for a \$500 million renovation and expansion at its Our Lady of Lourdes Hospital in Camden. The project includes a six-story addition, which will be known as the Marvin Samson Pavilion in honor of a Virtua board member and long-time supporter.
- f) Atlantic Health System introduced Saad Ehtisham, DHA, FACHE, as its new president and chief executive officer, effective July 30, 2025. Ehtisham currently serves as Senior Vice President & President of Acute Care Operations for Novant Health in North Carolina. The naming of Mr. Ehtisham follows the 2024 announcement of current CEO Brian Gragnolati’s intention to retire. Mr. Gragnolati will transition to the role of Board Advisor for Atlantic Health System.
- g) Capital Health (“Capital”) abruptly closed its satellite emergency department and outpatient clinic located on the former St. Francis Medical Center (“St. Francis”) campus on June 4th due to structural issues with an adjoining building. The space is

leased from Trinity Health, the parent of St. Francis at the time of its closure. Capital will collaborate with the City of Trenton and other stakeholders to continue providing access to care for the community.

- h) St. Luke's University Health Network recognized the 40th anniversary of CEO Rick Anderson. Mr. Anderson is the nation's longest-tenured health care executive, according to a news release.
- i) RWJBarnabas Health ("Barnabas") and the Rutgers Cancer Institute announced new oncology specialty care will be available to cancer patients at University Hospital.
- j) In other University Hospital news, Director of Patient Registration and Financial Counseling Kiran Batheja is the incoming Healthcare Financial Management Association ("HFMA") chair, one of only a handful of revenue cycle professionals to be named to the position.
- k) In other Barnabas news, Executive Vice President and General Counsel David Mebane received the 2025 NJBIZ Icon Award at a ceremony in May. Mr. Mebane has been with Barnabas for more than 30 years and will be retiring at the end of the year.

3. Ratings Agency Actions and Publications

- a) A recent Moody's Rating ("Moody's") commentary noted that proposed Medicaid policies would affect hospitals as early as 2026. Largely due to the growth in state-directed payment programs, Medicaid's share of hospital revenues increased by 25% from 2019 to 2023. Policies that limit and/or reduce these payments would be effective upon enactment.
- b) Moody's affirmed the University of Pennsylvania Health System's ("Penn") rating of Aa3 (equivalent to AA- from S&P Global Ratings ("S&P") or Fitch Ratings), citing a strong clinical reputation and its market position in a growing geographical area. The outlook is Stable. S&P affirmed its AA rating, one notch above Moody's, also with a Stable outlook. Penn is the parent of Princeton Medical Center, which has approximately \$230 million of Authority debt outstanding.
- c) S&P revised its rating on the Cooper Health System Obligated Group one notch to A+ from A, citing sustained positive operating margins and an experienced management team. The outlook is Stable.

4. New Jersey Health Care News

- a) According to a study by KFF, under the House reconciliation bill New Jersey will incur a \$6 billion penalty from 2025 to 2034 by providing Medicaid coverage to undocumented immigrants. States like New Jersey could avoid the penalty by eliminating their programs, but there would likely be increases in the uninsured rate and barriers to accessing care among immigrant families.

- b) A State Senate panel unanimously approved a bill (S1951) that would allow the Department of Human Services to impose sanctions on nursing homes receiving poor ratings under Medicare's five-star system. A facility earning one star for two consecutive quarters could face an admission ban. Three consecutive one-star ratings would result in additional, more onerous sanctions, including possible loss of participation in the Medicaid program, the primary payor source for most nursing homes.

5. National Health Care News

- a) According to consulting actuary Milliman, the cost of health care for a typical American family of four covered by a typical employer-sponsored health plan is \$35,119, up from \$33,067 in 2024, a 6.2% increase. That equates to \$7,871 per person. The cost in 2005, the first year Milliman reported the index, was \$12,214.
- b) Forvis Mazars released the results of a survey of 180 health care executives. High labor expense were the biggest challenge to achieving financial sustainability, followed by a declining payor mix and the resultant decreasing reimbursement. Talent optimization was also a concern, with 57% of respondents saying patient needs frequently or always exceed their workforce capacity.
- c) The U.S. Senate's version of the reconciliation bill would cut Medicaid state-directed payments more than the House version, reducing all state-directed payment programs by 10% annually until they ultimately reach average Medicare payment rates for services. The House version would leave programs currently in effect at higher average commercial rates and only new programs would be limited to average Medicare rates. As reported last month, virtually all states, including New Jersey, have such programs.
- d) An Indiana law imposing hospital price caps could foreshadow similar developments in other states. Indiana hospitals will face a tax penalty and loss of state tax-exempt status if their prices exceed designated limits.
- e) While not in the House or Senate version of the reconciliation bill, site-neutral payments continue to receive attention. According to a recent study, Medicare could reduce spending by \$7.4 billion annually by paying for services performed in hospital outpatient departments the same as the payment for similar services in independent physician offices.
- f) Kaufman Hall released the April 2025 *National Hospital Flash Report* noting increased inpatient revenue, discharges, emergency department visits and operating room visits compared to a year ago.

6. Bond and Tax Legislation and Regulatory News

- a) State Sen. Brian Stack introduced a bill (S4562) that would allow public employees to collect unused sick leave annually, up to three weeks a year, and remove the \$15,000 cap for unused sick time at retirement. School district employees are not included in the proposal. The Authority's accrual-based statement of revenues and expenses shown with the audited financial statements would not be significantly affected as unused sick time is recorded as a liability when earned. The Authority's cash basis budget could be as staff would have to estimate payouts which would increase salary expense. We will monitor the status of the bill and keep you informed.
- b) Potential changes to Medicaid are not the only issue facing hospitals in the "One Big Beautiful Bill". The 21% excise tax on highly compensated employees would be expanded from the five highest to all whose compensation package exceeds \$1 million. The excise tax does not apply to compensation provided in exchange for medical services. The bill would also resurrect the treatment of the cost of parking and other transportation-related fringe benefits as unrelated business income for federal tax purposes. The so-called "parking tax" was originally included in the Tax Cuts and Jobs Act in 2017 but was retroactively repealed due to widespread criticism and difficulties in implementation.
- c) On June 18th, the Federal Reserve held the benchmark interest rate steady at 4.25 to 4.50%, affirming a wait-and-see approach in response to increasing inflation risk and economic uncertainty.

7. Other News

A bear recently broke into a Pittsburgh-area nursing home and roamed the facility for about 15 minutes, even going nose-to-nose with a resident in one of the beds. The intruder was lured out with Rice Krispies Treats. Fortunately, no one was injured.

8. Authority News

- a) Staff has learned the New Jersey Department of Human Services is interested in extending our Memorandum of Agreement (the "MOA") to provide data collection and analysis services for the State's long-term care facilities for three months through September 30, 2025. The 2025 operating budget did not include any extension or renewal. The Authority currently bills \$8,186.44 per quarter. Staff anticipates seeking approval of the related amendment to the MOA at the July 2025 meeting.
- b) The next regular Authority meeting will be Thursday, July 24, 2025, at 10:00 a.m.

Thank you, and have a happy and safe Fourth of July Holiday.

Mr. Kapoor asked Mr. Troy if he was aware of Hoboken City Council authorizing a redevelopment plan that would turn Hoboken University Medical Center's site into an apartment building.

Mr. Troy responded that he was aware that this was on a Hoboken City Council agenda but the resolution was pulled prior to their meeting and not addressed. Mr. Troy added that although Hoboken University Medical Center is not an Authority borrower, Authority staff would monitor the situation.

4. ADJOURN

As there was no further business, Mr. Glyn asked for a motion to adjourn. Mr. Kapoor made the motion and Mr. Sullivan 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 10:18 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 JUNE
26, 2025.

Cindy Kline, Assistant Secretary