

Minutes of the New Jersey Health Care Facilities Financing Authority regular Meeting held on October 27, 2022 on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

The following *Authority Members* were in attendance:

Bridget Devane, Public Member; and, via telephone: David Brown, Vice Chair, Public Member (Chairing); Robin Ford, Designee of the Department of Health; Manny Paulino, Designee of the Commissioner of Banking and Insurance; Greg Lovell, Designee of the Commissioner of Human Services (joining at 10:06 a.m.); Dr. Munr Kazmir and Thomas Sullivan (Public Members)

The following *Authority staff members* were in attendance:

Mark Hopkins, Cindy Kline, Frank Troy, Ron Marmelstein, Bill McLaughlin, Alpa Patel; and via telephone: Taryn Rommel, Jessica Waite, and Tracey Cameron

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

Stephanie Gibson, Attorney General's Office; Dorian Smith, Governor's Authorities Unit; and via telephone: George Loeser, Attorney General's Office; Mark Salimena, Optimal Capital Group, LLC

CALL TO ORDER

Mr. Brown called the meeting to order at 10:03 a.m. and announced that this was a regular meeting of the Authority, held in accordance with the schedule adopted at the May 26, 2022 Authority meeting. Complying with the Open Public Meetings Act and the Authority's By-laws, 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.

1. APPROVAL OF MINUTES

a. September 22, 2022 Authority Meeting

Minutes for the Authority's September 22, 2022 regular meeting were distributed for review and approval prior to the meeting. Mr. Brown asked for a motion to approve the minutes. Dr. Kazmir made the motion. Ms. Devane seconded. Mr. Brown asked if there were any questions or comments on the motion. There were no questions or comments. Mr. Brown called for a vote. Mr. Brown, Mr. Lovell, Dr. Kazmir, Mr. Sullivan, and Ms. Devane voted in the affirmative, while Ms. Ford and Mr. Paulino abstained. The minutes were approved.

b. September 29, 2022 Special Authority Meeting

Minutes for the Authority's September 29, 2022 special meeting were distributed for review and approval prior to the meeting. Mr. Brown asked for a motion to approve the minutes. Dr. Kazmir made the motion. Ms. Ford seconded. Mr. Brown asked if there were any questions or comments on the motion. There were no questions or comments. Mr. Brown called for a vote. All Members voted in the affirmative and the minutes were approved.

2. ADDITION TO QUALIFIED BANKERS LIST Odeon Capital Group

Mr. Brown asked Bill McLaughlin to present to the Members Odeon Capital Group's request to be added to the Authority's Qualified Bankers list.

Mr. McLaughlin began by informing the Members that Authority staff has been presented with a request by Odeon Capital Group LLC ("Odeon") to modify the list of approved bankers in order to allow the firm to serve as Placement Agent, Senior Managing Underwriter and a Co-Managing Underwriter for assisted living facilities and continuing care retirement communities.

Mr. McLaughlin assured the Members that Odeon has completed the Authority's Request for Qualifications and is qualified to serve in the requested capacities. The firm has reported capitalization of over \$15 million. If approved, our primary contact will be Scott Kaysen, Managing Director, who works out of the firm's New York City office.

Mr. McLaughlin concluded by stating that based upon the information provided, Odeon has demonstrated that it is qualified under the Authority's standards to serve in each role requested. Therefore, staff recommends approving the requested modification that allows for Odeon Capital Group, LLC to serve as Placement Agent, Senior Managing Underwriter and Co-Managing Underwriter for Assisted Living Facilities and Continuing Care Retirement Communities. He then offered to answer questions from the Members. There were no questions.

Mr. Brown asked for a motion to add Odeon Capital Group to the Authority's Qualified Bankers list as Senior Managing Underwriter, Placement Agent, and Co-Managing Underwriter for Assisted Living Facilities and Continuing Care Retirement Communities. Dr. Kazmir made the motion. Ms. Devane seconded. Mr. Brown asked if there were any questions on the motion. There were no questions. All Members voted in the affirmative and the resolution was approved.

AB RESOLUTION NO. 2022-10-A

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves the appointment of Odeon Capital Group to the Authority's Qualified Bankers List as Senior Managing Underwriter, Placement Agent and Co-Managing Underwriter for Assisted Living Facilities and Continuing Care Retirement Communities.

3. EXTENSION OF PROGRAM ADMINISTRATOR FOR THE CAPITAL ASSET PROGRAM

Optimal Capital Group, LLC.

Mr. Brown asked Senior Account Administrator Jessica Waite to present the reasons for the contract extension to the Members.

Ms. Waite began by introducing Mark Salimena, Managing Director of Optimal Capital Group, LLC who was participating by telephone.

Ms. Waite reminded the Members that, in October 2017, the Authority entered into a contract with Optimal Capital Group, as Program Administrator for the Capital Asset Program, Series A&B. The original contract was a three-year period, with the right to extend the terms of the contract for additional one year periods. In October 2020 and again in October of last year, the Members approved the allowable one-year extensions of the contract.

Ms. Waite stated that Optimal Capital Group again has agreed to extend the contract for the final time, with the same terms and an annual cost of \$12,000.

Ms. Waite concluded by saying that the Authority staff recommends the Board's consideration of appointing Optimal Capital Group for the final one-year extension which would be effective from December 1, 2022 through November 30, 2023.

Ms. Waite then said that she or Mark Salimena would answer any questions the members might have.

Mr. Brown asked for a motion to adopt the resolution to approve the final of three (3) possible one-year extensions of the contract with Optimal Capital Group, LLC to serve as the Program Administrator of the Capital Asset Program. Dr. Kazmir made the motion. Mr. Lovell seconded. Mr. Brown asked if there were any questions or comments on the motion. There were no questions or comments. Mr. Brown then called for a vote on the motion. All members voted in the affirmative and the motion passed.

AB RESOLUTION NO. 2022-10-B

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves the third of three (3) possible one-year extensions of the contract with Optimal Capital Group, LLC to serve as the Program Administrator of the Capital Asset Program.

4. APPROVAL OF POTENTIAL REASSIGNMENT OF THE PART-TIME COMMUNICATIONS SPECIALIST DUTIES TO EXISTING AUTHORITY STAFF

Mr. Brown asked Mark Hopkins to present the details for the potential reassignment of the part-time Communications Specialist duties to existing Authority Staff.

Mr. Hopkins began by reminding Members that the full-time Communications Specialist retired on February 28, 2022. The part-time Communications Specialist hired as a replacement in April left on October 4, 2022 to pursue a full-time position. The part-time Communications Specialist was paid for 23 hours per week at \$30 per hour for an annual pay of \$35,880. It is *possible* the Authority may be able to distribute the part-time Communications Specialist's duties among existing full-time staff to be performed within their normal 35 hour work week.

Mr. Hopkins stated that there are six principal duties to be reassigned; (i) preparation of all meeting scripts, attendance at and calling roll at meetings and preparation of the minutes; (ii) preparation of resolutions (other than bond resolutions) for the meetings; (iii) posting TEFRA Hearing Notices on the Authority's website and monitoring it for comments; (iv) preparation of Authority marketing materials including three newsletters and an annual report each year; (v) handling of public notices and adherence to the requirements of the Open Public Meetings Act as well as other updates to the Authority's website; and (vi) preparation of a monthly legislative advisory for the Authority Members.

Mr. Hopkins explained by saying that it is estimated the extra duties will take 524.5 hours per year. It is proposed that existing staff be paid a total of \$6,294 for the additional duties. The specifics were further described in a memo distributed to the Authority Members with the meeting materials last week, which has also been provided to Authority staff. If the Authority is able to reassign these duties to existing staff, as proposed, it would save the Authority an additional \$29,586 per year compared to what the part-time Communications Specialist was earning.

Mr. Hopkins noted that the Authority will implement these extra duties only if: (i) this is approved by the Authority Members at today's meeting; (ii) enough qualified existing staff people are willing to perform all the extra duties; and (iii) the applicants, their supervisors and Senior Staff agree each respective applicant has the time and skills to perform the extra duties. If these three conditions are not met, it is likely the Authority will seek to hire a new person as Communications Specialist.

Mr. Hopkins concluded by informing Members that once applications are received, Senior Staff will meet to discuss each applicant's skills, ability and available time to perform the duty applied for (it is not intended to increase anyone's weekly hours beyond 35). Senior Staff may seek to

interview applicants to determine whether they have the necessary skills and abilities to perform the duty. Where skills, abilities and time of candidates are virtually equal, Senior Staff will give preference to those with more seniority.

Mr. Hopkins then said he would be happy to answer any questions the Authority Members may have.

Mr. Brown noted that he thought it was a great idea if the Authority could make it all work out and asked if the Members had any questions.

Ms. Devane asked out of curiosity if there is a bargaining unit representative that would need to be brought in to discuss this item.

Mark stated that the Authority has no bargaining unit representatives.

Ms. Devane asked if it would be through the staff's supervisors that the details would be arranged as to what that individual's work duties would be.

Mark replied yes. First the person or applicant has to think they have enough time. Then we will consult with their direct supervisor and/or the Division Director to decide if they also believe they have enough time. It's a little more shaky then it was to reduce the Communications Specialist position duties to part-time, as Mr. Hopkins said he was not as confident that the Authority will have enough people to do it. There has to be a willingness on the applicant's part and supervisor's part.

Mr. Lovell asked as a follow up if Mr. Hopkins envisions the work coordination of the managers working together, instead of one person doing it, you will have multiple people doing it and coordinating those activities, and if that was accounted for as well.

Mr. Hopkins replied yes, it will be a joint decision among Senior Staff on whether the Division Directors and he can coordinate it successfully to make it work for the Authority.

Mr. Lovell also asked that since the Communications Specialist previously reported to only to one person, if the roles get distributed, who would be overseeing them.

Mr. Hopkins told Members that the Communications Specialist falls in his Division and he would still be overseeing the duties that are distributed, but he would be coordinating with each Division Director of the person who applies for an extra duty if we choose to go this route and the person who is given the duties. For example, if Bill and Frank's assistant Tracey decides to apply for something I would consult with them on her time availability. Mr. Hopkins noted that one of the good things about the Communications Specialist duties, is that some of the duties have flexible timing. We do three newsletters a year and there's no specific time we need to get them out. We do them roughly in quarters along with the annual report for the fourth quarter, so there is no strict timeline to get those out. However, the Authority Meetings are a strict timeline, so that would be a little more difficult to manage or to have flexibility around preparation of scripts and minutes. Other things, such as marketing materials we do as needed and there is often flexibility time wise.

Mr. Lovell then said he also understands that Mr. Hopkins is still researching, assuming everything is met, that it could go across multiple managers and the employees time involved in this, but how

will it affect organizing projects around that for managers. Mr. Lovell hears that if they have the time, they can do it, but wants to know if that is also being accounted for.

Mr. Hopkins clarified with Mr. Lovell if he was asking about the manager's time, and Mr. Hopkins replied that he has not accounted for that.

Mr. Lovell then asked what if two, three people are chosen for this and it doesn't work out what would happen at that point. Would those duties go back up for bid and people can reapply?

Mr. Hopkins answered yes.

Mr. Lovell asked if that would be preapproved or would it have to go back to the board.

Mr. Hopkins initially stated that he would probably bring it back to the board. If we've identified a duty and assigned it at this meeting, we could reassign it in future meetings, but he will consult with our Deputy Attorney General.

Mr. Lovell stated that he believes that if we are approving the process, and as long as the process stays consistent, he doesn't see the need for another board approval.

Mr. Hopkins said he agrees with Mr. Lovell and feels that it would need another board approval only if they restructure the position.

Mr. Lovell agreed. Mr. Hopkins noted that Ms. Gibson, our DAG was nodding her head, but assured Members that he would give her time to process it, and if she disagrees, we may have to revisit that.

Ms. Devane then asked if we were setting a timeline within this process for revisiting this. This was going to be open but wanted to move in a timely manner to fill those job duties.

Mr. Hopkins stated that this information was simultaneously distributed to staff hoping it would be approved today so staff could start applying with a deadline of November 7th. Part of the problem is that someone has to step in for some of the duties now, as you can see Cindy is filling in. We would like to get it resolved soon, so people aren't doing double duty. As Members could see, the Legislative Update was not done this month in the board materials as no one was in the position to do that, and we have some marketing materials from our 50th Anniversary Symposium last month also that need to go out, which no one is able to get out right now.

Mr. Brown asked if there were any more questions, which Mr. Lovell asked if there was any thought of putting someone full-time for that position. He understands these are part-time duties, but is there a thought of bringing someone in to do that plus additional duties.

Mr. Hopkins answered that he is highly confident that the Communications Specialist is a part-time position. There has been discussion among Senior Staff as to whether we hire someone full-time and give them some other duties as well. Right now we have a temporary accounting position, which we may want to hire someone who does accounting work. The Human Resources Manager has also expressed interest in hiring someone to assist her as well. My goal is to make sure the Authority is operating efficiently, but also want to make sure we aren't crunched either and overextend people.

Mr. Lovell stated that if there is another part-time position available at the other, this would be the perfect opportunity to combine those positions.

Mr. Brown asked if there were any more questions or comments, to which there were none.

Mr. Brown asked for a motion to approve the potential reassignment of the part-time Communications Specialist duties to current Authority staff. Dr. Kazmir made the motion. Ms. Devane seconded. Mr. Brown asked if the Members had any questions on the motion. There were no questions. All Members voted in the affirmative and the resolution was approved.

AB RESOLUTION NO. 2022-10-C

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves the potential reassignment of the part-time Communications Specialist duties to existing Authority staff.

5. AUTHORITY EXPENSES

Mr. Brown referenced a summary of Authority expenses and invoices provided to the Members. Dr. Kazmir made the motion to approve the expenses. Mr. Lovell seconded. Mr. Brown asked if there were any questions or comments on the motion. There were no questions or comments. Mr. Brown then called for a vote. All Members voted in the affirmative. The resolution was approved to approve the bills and to authorize their payment.

AB RESOLUTION NO. 2022-10-D

WHEREAS, the Members of the Authority have reviewed the memoranda dated October 19, 2022 summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses in the amount of \$28,592.50 and \$26,177.62, 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.

6. STAFF REPORTS

Mr. Brown stated staff reports were distributed to the Members for review before the meeting, and asked if there were any questions, to which there were none.

Mr. Brown then asked Executive Director Hopkins to present his Executive Director's report.

Mr. Hopkins' report is as follows:

1. The Family Planning Services Forgivable Loan Program Applications will go public tomorrow. The program was approved at the Authority's special meeting on September 29, 2022.
2. The Authority will be holding a Finance Committee Meeting next Wednesday, November 2, 2022 at 10:00 a.m. to consider the Authority's 2023 budget. A proposed budget will be distributed to the Authority Members tomorrow or Monday, October 31st.
2. On September 28, 2022, Governor Murphy dedicated the New Jersey Department of Health State Office Building at 55 North Willow Street in Trenton as the Judith M. Persichilli Building in honor of our current Commissioner of Health and Chairperson of the Authority. Commissioner Persichilli has had a long career in New Jersey health care from training as a nurse at St. Francis Nursing School to becoming CEO of St. Francis Medical Center to CEO of Catholic Health East and Interim CEO of CHE Trinity Health to Interim CEO of University Hospital. As the State's 22nd Commissioner of Health she notably led the State through the COVID pandemic and spearheaded several other health care initiatives.
3. COVID/Flu/Respiratory Syncytial Virus/Monkeypox
 - a. The U.S. Department of Health and Human Services renewed its declaration of the Public Health Emergency due to COVID for the 11th time on October 13th. It will be effective for 90 days through January 11, 2023. The continuation of the Public Health Emergency allows for continued enhanced health care funding and certain treatment options such as telehealth. Early this month Dr. Anthony Fauci emphasized that the COVID pandemic isn't over despite recent declines in cases and deaths. He warned new variants and reluctance of people to get the new bivalent boosters could lead to additional outbreaks. The U.S. Centers for Disease Control and Prevention ("CDC") has eased its universal masking recommendations for nursing homes and hospitals unless they are in areas of high COVID transmission.
 - b. Pfizer is seeking to expand approval of its bivalent COVID booster so children 5 to 11 years old can take advantage of the extra protection against the currently dominant Omicron variants. Last week the Food and Drug Administration approved a booster dose manufactured by Novavax for people 18 or older who can't get the Pfizer or Moderna bivalent boosters for medical reasons.
 - c. A new COVID variant has been identified with many cases in Bangladesh and Singapore. Only a few cases have been identified in the United States and none in New Jersey yet but New Jersey health officials are bracing for it. The XBB subvariant of Omicron appears to be more easily transmitted and evades many of the current vaccines but does not appear to cause more severe illness.

- d. A study of 33,000 residents of Scotland that tested positive for COVID since April 2020 found 42% of people had not fully recovered from their COVID infections. Additionally, 6% of patients had not recovered at all. Only about 4% of the study participants had been vaccinated before contracting COVID. The study included 63,000 people who had never been diagnosed with COVID as a control. It was published in Nature Communications.
- e. 2023 health insurance premiums will increase 19.6% to 21.1% for New Jersey public workers. Health insurance premiums for federal workers are expected to increase 10.7% to 11.7%. The fallout from COVID and the resultant deferral of care that lead to a 200% to 300% increase in utilization in 2021 is believed to be the primary driver of the increases.
- f. U.S. hospitals are preparing for a staggering increase in patients presenting with viruses this year. The continuation of COVID infections plus an expected very active flu virus and the emergence of a spate of children with respiratory syncytial virus are expected to test hospitals this winter. The flu in the southern hemisphere was widespread in their last season, which is usually a predictor for cases in the northern hemisphere. Last year COVID restrictions and masking also limited the spread of the flu. The tremendous increase in respiratory syncytial virus in children is believed to be caused by lack of exposure to the viruses due to masking and social distancing during the peak of COVID suppressed those viruses leaving children more vulnerable.
- g. An unusual increase and early onset of children presenting with respiratory viruses, including syncytial virus, have resulted in over 70% of pediatric hospital beds being full in the United States. Most children recover but those with underlying conditions are at higher risk of severe illness and even death.
- h. On the good news front, it appears that monkeypox spread is slowing and vaccine availability has improved. Nearly 25,000 cases had been reported in the U.S. as of September 26, 2022. Health officials warn the danger is not yet over and progress has been uneven, with a few states still seeing an increase in cases.

4. New Jersey Hospital News

- a. University Hospital was recognized by Forbes as one of America's Best Employers in New Jersey for the second year in a row.
- b. Cooperman Barnabas Medical Center broke ground last month on its \$225 million, 137,000 square-foot cancer center in Livingston. RWJBarnabas Health, the parent of Cooperman, works with the Rutgers Cancer Institute of New Jersey to provide cutting edge cancer treatments. The Cooperman Barnabas cancer center will be the northern oncology hub for RWJBarnabas Health. The facility will offer medical, surgical and radiation services as well as yoga, music therapy and a wig and prosthetic studio.

- c. Hackensack Meridian Health is opening a long-term acute care hospital inside Raritan Bay Medical Center in Perth Amboy called Hackensack Meridian LTACH. It is expected to cost \$35 million to convert a dedicated floor for the LTACH with 30 private rooms, which will feature daily physician visits, 24/7 emergency physician coverage, and an interdisciplinary team of medical professionals.
- d. In early 2023 Virtua Health and Penn Medicine are expected to open their joint venture, a \$45 million, 8,600 square foot proton therapy center on Virtua's campus in Voorhees. It will be the first proton therapy center in South Jersey and one of less than 50 in the United States. It will provide advanced cancer treatments through precision radiation therapy, which is preferred for tumors near highly sensitive areas such as the spinal cord, heart and brain.
- e. AtlantiCare has completed its acquisition of John Brooks Recovery Center. John Brooks provides substance use disorder and addiction treatment services on both an inpatient and outpatient basis. The Authority provided financing for John Brooks' residential treatment facility in Mays Landing through our Capital Asset Loan Program. John Brooks also operates outpatient treatment facilities in Atlantic City and Pleasantville. As a result of the acquisition and a guarantee from AtlantiCare, the \$2 million debt service deficiency fund created and funded by the Authority to help secure the loan was returned to the Authority this month.
- f. Capital Health has launched a campaign to raise \$10 million to benefit the Trenton community surrounding its flagship hospital, Capital Health Regional Medical Center. Called the Trenton Neighborhood Initiative, it was kicked off with a \$2.5 million donation from the Bristol Myers Squibb Foundation and \$1 million from Capital Health. The initiative will include programs in such areas as home ownership and rehabilitation, job training and employment, children's and family's well-being and digital equity.
- g. RWJBarnabas Health's Monmouth Medical Center has improved its scores under the Center for Medicare and Medicaid Services' ("CMS") Hospital Consumer Assessment of Healthcare Providers and Systems ("HCAHPS") by launching a quality improvement project. Rather than making renovations or adding technology, the project had staff brush up on their communications skills and bedside manner, including introducing themselves to patients, making eye contact, listening to patients' questions and saying thank you before leaving the room. It also added afternoon rounds to patient rooms by doctors and nurses.
- h. ROI-NJ has named Gary Horan, CEO of Trinitas Regional Medical Center, as a Hospital Hero. Mr. Horan has been a hospital administrator for five decades and led Trinitas's integration into RWJBarnabas Health.
- i. An opinion column in The Trentonian bemoans the state of disrepair of Capital Health's former Mercer Medical Center on Bellevue Street in Trenton. After the

medical center closed the property was sold by Capital Health in 2011. It has changed hands several times and proposals for its redevelopment have never materialized.

- j. Union workers at Rutgers University are alleging that the University is trying to bust some unions by transferring some jobs to its health care partner RWJBarnabas Health. The impacted unions represent doctors, nurses and other workers.
- k. After a contentious battle, Jersey Shore University Medical Center, part of Hackensack Meridian Health, and the Health Professionals and Allied Employees (“HPAE”) union have reached a three-year agreement. In addition to improved compensation and benefits, HPAE sought improvements in safety and security for its nurses and allied employees working at Jersey Shore.
- l. The Leapfrog Group named 10 New Jersey facilities to its Best Hospitals for Maternity Care: Capital Health Medical Center – Hopewell, Hackensack Meridian Ocean University Medical Center, Hackensack Meridian Palisades Medical Center, Hackensack Meridian Raritan Bay Medical Center – Perth Amboy, Inspira Medical Center – Elmer, Inspira Medical Center – Vineland, RWJBarnabas Health’s Monmouth Medical Center – Long Branch, RWJBarnabas Health’s Newark Beth Israel Medical Center, RWJBarnabas Health’s Robert Wood Johnson University Medical Center – Somerset and Virtua Voorhees Hospital.
- m. NBC News has a story on how hospitals employ outside staffing companies to provide anesthesiologists. Some of those companies may be owned by private equity firms. One of the examples it cites is RWJBarnabas Health’s Cooperman Barnabas Medical Center, who had been using North American Partners in Anesthesia (“NAPA”) to provide anesthesia services until this past summer. NAPA had slashed staffing levels. When Cooperman Barnabas officials called an emergency meeting to address the catastrophic effects of the under-staffing with the anesthesiology department, including its chief of anesthesiology, all employed by NAPA, NAPA fired the chief of anesthesiology for attending the meeting. Cooperman Barnabas parted ways with NAPA shortly thereafter and brought the anesthesiology department in house by hiring the former NAPA anesthesiologists. It then sued NAPA. Private equity firms have also been acquiring physician practices in emergency medicine and dermatology. Concern is rising that private equity backed staffing companies may be putting profit over patient care as well as increasing costs. The Wall Street Journal has reported that the Federal Trade Commission (“FTC”) is investigating U.S. Anesthesia Partners.

5. Ratings Agency Actions and Commentaries

- a. Moody’s Investors Service and S&P Global Ratings have rated the \$107 million 2022A bonds being issued by the Authority on behalf of Saint Peter’s University Hospital “Baa3” and “BBB” respectively. The Moody’s rating revises the outlook for Saint Peter’s to “Positive” from “Stable.” The S&P rating is an upgrade from

“BBB-.” S&P’s outlook remains “Stable.” Both rating agencies also assigned the same ratings to existing Authority bonds issued on behalf of Saint Peter’s in 2007 and 2011.

- b. Fitch Ratings has affirmed its “A+” rating on \$356.4 million of bonds issued by the Authority on behalf of Valley Health in 2019. The rating outlook is “Stable.”
 - c. A Fitch Wire warns that inflation will drive U.S. health insurance premiums higher.
6. New Jersey Health Care News
- a. Acenda Integrated Health of Glassboro, New Jersey was awarded a two-year \$1 million grant by the Robert Wood Johnson Foundation to be the incubator organization to create New Jersey’s first public health institute. The grant was awarded after a competitive process. The institute is intended to play a key role in reimagining the public health system in the State. Thirty-three states already have public health institutes but New Jersey will be the first to have advancing health equity as a founding priority.
 - b. A survey of 512 bedside nurses performed by HPAE, the State’s largest health care union, found that 72% of nurses have considered leaving their jobs and 83% have said they have been placed in situations that they felt put their license at risk. Inadequate staffing levels was the most common concern among the nurses surveyed along with stress and burnout.
 - c. Horizon Blue Cross Blue Shield of New Jersey is seeking to reorganize from a nonprofit health services corporation to a nonprofit mutual holding company. Horizon states that the reorganization will remove tax burdens and regulatory hurdles to make it better positioned to compete with for-profit insurers. The Department of Banking and Insurance has declared Horizon’s application complete. Three public hearings were held for public comment on the application on October 6th, October 11th and October 17th. The Commission of Banking Insurance has 30 days after the last public hearing to rule on the application. There was little opposition at the first public hearing.
 - d. New Jersey’s five major food banks received a \$200,000 donation from the Horizon Foundation for New Jersey to help build capacity of food pantries, which will focus on food choice and nutrition. The initiative is being called “Growing Healthy Pantries.”
 - e. Braven Health, a New Jersey Medicare company jointly owned by Horizon Blue Cross Blue Shield of New Jersey, Hackensack Meridian Health and RWJBarnabas Health is expanding to all New Jersey counties in 2023. Since its formation in January 2021 it has focused on northern and central New Jersey but will now expand further. It currently has nearly 28,000 enrolled members.

- f. The approximately 20% health care premium hikes recently approved for public workers in New Jersey are hitting towns, counties and school districts particularly hard and threaten to require tax increases or staffing and service cuts. Governor Murphy shielded many State union workers from all but 3% of the increase by having the State pay the remaining increase but local public workers and local employers will have to pay the additional costs. Local officials and many legislators were taken by surprise at the amount of the increase in premiums.
- g. A bill sponsored by Assemblyman Herb Conaway seeks to ensure that families with private insurance have adequate access to a complete complement of medical care within their insurance company's network of providers and would limit how far patients would have to travel to see an in-network provider. A similar bill enacted last year required network adequacy in Medicaid plans in New Jersey.
- h. After the State Comptroller's report found that 15 nursing homes that received over \$100 million in taxpayer dollars annually repeatedly had the lowest CMS quality rating, legislation has advanced that would give State regulators new powers to sanction nursing homes for repeated low quality. The powers would include suspending admissions, removing patients or withholding payments. Four other bills aimed at regulating nursing homes are also being considered.
- i. The overall nursing shortage is hitting those in need of in-home nursing the hardest. Private duty nurses have been leaving the field for higher- paying jobs and benefits at hospitals or as travel nurses. A bill has been introduced in the New Jersey legislature to increase Medicaid private duty nurse reimbursement by \$4 per hour to \$65 per hour for registered nurses and \$53 per hour for licensed practical nurses.

7. National Health Care News

- a. The Inflation Reduction Act of 2022 ("IRA") featured several provisions to improve health care. The Healthcare Financial Management Association ("HFMA") has an article on what hospitals and health systems can expect from the IRA. It extends subsidies for health care insurance purchased on an Affordable Care Act exchange through 2025. They were previously expected to expire at the end of this year. Medicare's ability to negotiate prescription drug prices will be phased in starting next year with limited drugs and more drugs added each year. Drug manufacturers will need to rebate price increases in excess of the cost of inflation. As a result of the reduced drug prices, the margin retained by health care providers in low income communities who purchase drugs at a reduced rate but can charge insurers at the higher rate under the 340B program will be reduced. The 15% minimum corporate tax may negatively impact some larger for-profit hospitals and health systems.
- b. According to insurance consultant Willis Towers Watson, health care costs in North America are projected to increase 6.5% in 2023. This year the estimated increase

was 9.4%. Europe is projected to see an 8% increase with other regions expected to see double-digit increases.

- c. A glitch in the Affordable Care Act prevented families that did not have access to affordable employer-based coverage for the whole family from being able to access the Affordable Care Act's health insurance marketplace to purchase coverage using premium tax credits. Previously, individuals were only eligible for premium tax credits if their employer-based health insurance was unaffordable for the employee alone, not including family members. Legislation and new rules enacted by Treasury enable those whose employer-based coverage is unaffordable based on the whole family to use premium tax credits to purchase insurance on the Affordable Care Act's health insurance marketplace.
- d. President Biden has signed an executive order requiring the U.S. Department of Health and Human Services' ("HHS") Innovation Center to create drug pricing reforms after over 1,200 drugs saw price hikes of more than the 8.5% inflation rate.
- e. Despite the fact uninsured Americans are at a record low, health care costs continue to be a major financial burden. The Commonwealth Fund found that 43% of working-age adults were inadequately insured in 2022. Some did not have insurance and others had a gap in coverage over the last year or couldn't afford care even with insurance. High deductibles was one of the causes of the latter. The survey found that 9% of people are uninsured in the United States. The Kaiser Family Foundation found New Jersey had only 5.4% uninsured.
- f. Becker's Hospital Review published an article on the cost of nurse turnover. In 2021 the national average of registered nurse turnover was 27.1%, an increase of 8.4%. The average cost turnover of a registered nurse was \$46,100. Each percent change in registered nurse turnover will cost the average hospital \$262,300 per year. It takes an average of 87 days to recruit an experienced registered nurse.
- g. Several hospital and medical associations are asking HHS to delay by one year the implementation of the expanded definition of electronic health information that is required to be shared with patients in a timely and affordable fashion to improve health care data interoperability. They would also need to protect that data from unauthorized access or disclosure. The rules were scheduled to go into effect on October 6th.
- h. CommonSpirit Health, which operates more than 700 health care sites in 20 states, was the subject of a large cyberattack earlier this month, which caused delays for patients.
- i. The Urban Institute found 9.6% of nonelderly uninsured patients faced unfair treatment in medical settings and 7.4% of nonelderly publicly insured patients faced unfair treatment. Only 1.3% of privately insured patients experience unfair treatment.

- j. Kaufman Hall's third quarter report on hospital mergers and acquisitions were lower than the first two quarters but slightly higher than the third quarter of 2021. Pure Health, a company based in the United Arab Emirates, acquired a \$500 million minority interest in Ardent Health Services, which owns a majority equity interest in Hackensack Meridian Health's Mountainside Hospital and Pascack Valley Hospital. Medical Properties Trust sold nine hospitals and two medical office buildings to Prime Healthcare, which owns St. Clare's, St. Mary's and St. Michael's hospitals in New Jersey.
- k. Forbes reported that it believes Apple may be launching a health insurance product in 2024 with an existing major payer. Apple watches are a leader in monitoring several health care data points and may prove beneficial to a health insurance provider.
- l. The lack of nursing home capacity is negatively impacting hospitals because they do not have an adequate place to discharge patients who no longer need acute care but are not ready to return home. This is causing increased length of stay at hospitals and could lead to overcrowding. A length of stay beyond what is medically necessary is often not reimbursed to hospitals or is reimbursed at lower rates. This has caused some hospital margins to deteriorate. The declining workforce at nursing homes is partially to blame.

8. Bond and Tax Legislation and Regulatory News

- a. The Internal Revenue Service's Tax-Exempt and Government Entities division has an electronic messaging system called TEBConnect to modernize communications and improve security. It has been underutilized but recent promised funding increases are giving municipal bond tax attorneys hope that TEBConnect will be updated, expanded and more agents will utilize the system
- b. An article in The Bond Buyer highlights how public finance has become a political flashpoint. The California teacher's retirement system opposed gun sales and invested accordingly and a Texas comptroller refused to use underwriters who are opposed to financing fossil fuel projects. Now, the so-called environmental, social and governance ("ESG") based investment strategy is subject to political blowback.
- c. Speaking at the National Association of Bond Lawyers' Workshop, the head of the Security and Exchange Commission's ("SEC") Office of Municipal Securities believes that specific rules governing environment, social and governance disclosure may not be required for municipal bonds if market participants act responsibly and think about materiality of ESG related events. However, he cautioned that bond purchasers are going to start to demand a certain level of disclosure, and it is coming sooner than expected.

- d. Investors are increasing their assets in ESG investments and balk at efforts to paint them as a political issue.

9. Authority News

- a. The week before last, Neighborhood Health reached out to me because they have experienced garnishment from a grant that was provided to them before they went into bankruptcy. The grant funds were determined not to be used for appropriate purposes and HHS was clawing them back. HHS eventually had Treasury garnish payments to Neighborhood. That led them to the fear that about \$200,000 in FEMA funds for COVID services that Neighborhood Health performed may have been garnished. If those funds had been garnished, Neighborhood Health would not have been able to make payroll. They asked for a further advance on their loan that we provided them during their bankruptcy in the original amount of \$750,000. Neighborhood Health had only drawn down \$630,000, and had repaid most of that, with a then current outstanding balance of about \$179,000. Neighborhood Health had asked for \$200,000 and it was determined that because the original loan was only for \$750,000 and they had drawn down \$630,000, only \$120,000 was available. So the Authority lent them an additional \$120,000 upon their requisition and the DOH worked to hasten some of their reimbursement so they had enough money to make payroll. Fortunately, it turned out the FEMA garnishment was avoided and they received the FEMA funds too. They will be paying us back for the \$120,000, which they didn't exactly specify when, but I will be in contact with the CEO and expect it will be soon.
- b. Part-Time Communications Specialist Cara Lahr resigned effective October 4th to pursue a full-time opportunity.

Mr. Brown thanked Mark for his report.

7. ADJOURN

As there was no further business, Mr. Brown asked for a motion to adjourn. Dr. Kazmir made the motion. Mr. Lovell seconded. Mr. Brown asked if there were any questions on the motion. There were no questions. He then called for a vote. All Members voted in the affirmative.

The meeting was adjourned at 10:52 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 OCTOBER 27, 2022.

Cindy Kline, Assistant Secretary