

**CERTIFICATE OF NEED**  
**Department Staff Project Summary, Analysis & Recommendations**  
**Transfer of Ownership**

Name of Facility:	Hoboken University Medical Center (HUMC)	CN# FR 110503-09-01
Name of Applicant:	HUMC Holdco, LLC	Acquisition Cost: \$51.6 million
Location:	Hoboken	Equity Contribution: 0
Service Area:	Hudson County	

**Applicant's Project Description:**

This application is for the transfer of ownership of Hoboken University Medical Center (HUMC) from the Hoboken Municipal Hospital Authority (HMHA) to HUMC Holdco, LLC (Holdco), a for-profit, New Jersey limited liability company. Holdco would operate HUMC through its subsidiary, HUMC Opco, LLC, a for-profit, Delaware limited liability company, as a general acute care hospital at the same licensed bed complement and service levels previously provided by HMHA.

When the transfer of ownership is completed, the overall acute care bed capacity would remain at 344 beds. Categorically, the bed composition would continue to reflect 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 include the existing 8 Inpatient Operating rooms, 2 Cystoscopy rooms, 1 Closed MRI unit, a Sleep Center, and Acute Hemodialysis services. The proposed transfer also continues 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 designations as both an Intermediate Community Perinatal Center with 6 bassinets, and Primary Stroke Center.

Holdco believes that the proposed transfer would not only ensure the hospital's survival and facilitate its revitalization, but also relieve HMHA of a burdensome debt, thereby strengthening the financial viability of HUMC as a general acute care hospital. In essence, Holdco is a wholly owned subsidiary of IJKG, LLC, a for-profit New Jersey limited liability company that currently owns Bayonne Medical center. Holdco has committed to maintaining HUMC as a general acute care hospital for at least seven years. The end result of this transaction would be that HUMC will continue to serve area residents and indigent patients without any disruption in the delivery of their health care services.

**Applicant's Justification of Need:**

Holdco, the applicant, was established by the principal owners of the Bayonne Medical Center's for profit parent to own and operate HUMC. It was selected by HMHA after a vigorous public review and selection process among eight other eligible candidates. The reason for their selection is that Holdco's proposal was the most credible in terms of financial incentives and the demonstration of skills by Holdco's parent in successfully rescuing Bayonne Medical Center from its bankruptcy, addressing operational weaknesses, and providing higher quality in a more stable institutional environment. HUMC is currently losing between \$1.5 million and \$2 million per month before special payments from the state. Without the approval of this Certificate of Need for a transfer of ownership, the services at HUMC could be drastically reduced or the hospital could close.

The applicant believes that there are many benefits to having the proposed transfer of ownership approved. First and foremost would be the benefit to the patient community without any disruption to delivery of health care services. The applicant views this transfer as an opportunity for the sharing of services, administrative coordination and other benefits enabling both Bayonne Medical Center and HUMC to achieve improved efficiencies and better integrated care for their communities. The business working relationship between these hospitals will help to control expenses and offer reliable access to more secure institutions.

The City of Hoboken is bound by natural and man made barriers, making access to emergency care somewhat challenging at times. The applicant is confident that their revitalization strategy will improve access to care and preserve and rebuild the current health care infrastructure at HUMC. The applicant is focused on providing higher quality care at lower costs. The applicant has dedicated its effort towards aligning physician practices with Bayonne Medical Center through the development of an Accountable Care Organization as a means of cost saving accomplished by reducing duplication of medical testing, streaming technology and information delivery, and coordinating more efficient care delivery.

Holdco is committed to maintaining the same historic level of care that HUMC has provided in the past to uninsured and underinsured patients. Under the new ownership, HUMC will continue its indispensable role as a provider of care to the medically indigent. Aside from Jersey City Medical Center, HUMC provides more care to the uninsured than any other hospital in the area. The proposed transfer of ownership ensures a seamless transition of services for the uninsured and underinsured, avoiding service delivery gaps and incongruous care.

**Applicant's Statement of Compliance with Statutory & Regulatory Requirements:**

The applicant has stated the following to demonstrate its compliance with the statutory criteria contained in the Health Care Facilities Planning Act, as amended at, N.J.S.A. 26:2H-1 et seq. and N.J.A.C. 8:33-1.1 et seq. as follows:

**1. The availability of facilities or services which may serve as alternatives or substitutes:**

According to the Applicant:

The applicant acknowledges that there are five other hospitals in Hudson County which include Bayonne Medical Center, Christ Hospital, Jersey City Medical Center, Palisades Medical Center and Meadowlands Hospital Medical Center. However, the applicant believes that these facilities are not true alternatives to HUMC since the city of Hoboken is geographically isolated by natural and artificial barriers such as Hudson River, bluffs of the Jersey City Heights, and the Lincoln and Holland tunnels. Limited access to the city is further compounded by the traffic generated in this metropolitan area, making travel in the event of an emergency extremely cumbersome.

The applicant contends the existing facilities in Hudson County do not provide all of the programs and services available at HUMC. For example, HUMC provides at least seven clinic services, including the only surgical clinic in Hudson County. HUMC has also played a prominent role in providing health care to the uninsured and underinsured in the community, functioning as a "safety net" for these population segments. In addition, the applicant also highlights the uniqueness of their specialized program for geriatric patients with psychiatric problems.

**2. The need for special equipment and services in the area:**

According to the Applicant:

The applicant states that as a general acute care hospital, HUMC provides a diversified set of comprehensive inpatient and outpatient services in the city of Hoboken. HUMC provides needed emergency care for all its community residents and is a provider to the poor of Hudson County for emergency care as well as mental health/substance abuse and OB services. A report issued by the Georgetown University's Institute of HealthCare Research and Policy cited HUMC's prominent role in providing traditional charity care and numerous social and wrap-around services as a safety net for poor elderly in a community where more than a third of all seniors households in their Primary Service Area are below the poverty line and/or uninsured. Continuations of the existing diversified services at HUMC fill any routine health care service gaps for specialized care.

**3. The adequacy of financial resources and sources of present and future revenues:**

According to the Applicant:

A letter of agreement provided between the applicant (HUMC Holdco, LLC) and Medical Properties Trust Operating Partnership, L.P. (MPT) declares that MPT shall make available to HUMC funds in the amount up to \$75 million for the purpose of acquiring and providing working capital for the hospital. The applicant is confident this capital would be sufficient to continue current operations and expand accordingly with patient volume increases.

**4. The availability of sufficient manpower in the several professional disciplines:**

According to the Applicant:

The applicant is committed to retaining at least 75 percent of the current employees at HUMC. It expects that most of the contract physicians would continue in their current capacity. The applicant did not express any concern if they needed to recruit additional personnel since they are located in close proximity to New York City and are located in Hudson County, which is one of the most densely populated counties in the state.

**5. Will not have an adverse economic or financial impact on the delivery of health care services in the region or statewide and will contribute to the orderly development of adequate and effective health care services:**

According to the Applicant:

The applicant believes that the transfer, in and of itself, would not have an adverse impact on the health care delivery system in Hudson County. However, the applicant is convinced non-approval of the CN transfer of ownership would result in dire consequences for health care delivery in Hudson County. The applicant recognizes the important role HUMC currently plays in the county as a major provider of health services for Medicaid and uninsured patients and for the provision of emergent and urgent care. The discontinuance of this role would force the remaining hospitals in the county to absorb an unfavorable payer mix and threaten their financial stability. It would also place the residents of Hoboken at greater risk when health care emergencies arise and immediate care is essential.

### **Public Hearing:**

On July 21, 2011, a public hearing was held at Our Lady of Grace church hall on Willow Avenue in Hoboken from 6:00 p.m. to 8:00 P.M. Approximately 200 people were 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. The majority of speakers supported this transfer because it ensure the continuation of needed health care services at HUMC, maintains jobs, and relieves taxpayers from the burden of millions of dollars in debt payments. A number of supporting comments praised Holdco's track record with Bayonne Medical Center, crediting it for financially turning the hospital around, while others speakers made the point that the purchase agreement with Holdco represented the best solution for saving HUMC. 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's response to the community issues is contained in the analysis below.

It is also noted that in Completeness Questions (June 27, 2011), Response No. 12, HUMC provided letters of support from county and local elected government officials, including Hudson County Executive Thomas A. De Gise, Hoboken Councilman Ravinder S. Bhalla, Hoboken Councilman Peter H. Cunningham, and Hoboken Councilwoman Jennifer Giattino. The applicant has stated that state legislators, Hoboken Mayor Dawn Zimmer and HMHA Chairwoman Antoinette Tomarazzo were involved in the strategic meetings leading up to the submission of this transfer of ownership application. Both Mayor Zimmer and Chairwoman Tomarazzo provided verbal testimony at the public hearing in support of this application.

### **Department Staff Analysis:**

Department staff has concluded that the applicant has adequately documented proposed compliance with the applicable Certificate of Need rules (N.J.A.C. 8:33-1.1 et seq.) and general statutory standards at N.J.S.A. 26:2H-1 et seq. For the purposes of this review, this application is 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.

Department staff reviewed the applicant's Certificate of Need and determined that the applicant's rationale to transfer the ownership of HUMC is a realistic assessment of the HUMC service area and the health care services environment for Hudson County. Considering that once transferred, Holdco is committing to operate HUMC not only at the same bed capacity levels but also with the same outpatient service levels, the proposed transfer appears to be a feasible option for ensuring that HUMC continues to provide quality health care services to the community. Overall operating costs and

reduced patient volume at HUMC account for HMHA’s decision to transfer ownership to Holdco. For HUMC to continue to operate as a small scale independent community hospital would exert significant financial pressure on their limited resources increasing their budgeted losses from operations, possibly leading to either a reduction of community health services or its closure. The objective of this transfer of ownership is to reshape the health care delivery system at HUMC, and provide more efficient and effective services, without causing any disruption in the continuity of care.

In reviewing the availability of facilities or services which may serve as alternatives or substitutes, Department staff notes that there are five hospitals (Christ Hospital, Bayonne Medical Center, Jersey City Medical Center, Palisades Medical Center and Meadowlands Hospital Medical Center) within an eight mile radius of HUMC. Please refer to Table 1.

**Table 1**  
**Distance from Hoboken University Medical Center - 10908**  
**308 Willow Avenue, Hoboken, NJ 07030**  
**to Area Hospitals**

<b>Provider/Location</b>	<b>Distance from Hoboken UMC (miles)</b>	<b>Travel times from Hoboken UMC</b>
Jersey City Medical Center - 10904 355 Grand Street Jersey City, NJ 07302	2.32	8 minutes
Bayonne - 10901 29 East 29th St Bayonne, NJ 07002	7.71	17 minutes
Christ Hospital - 10902 176 Palisade Ave. Jersey City, NJ 07036	1.49	5 minutes
Palisades Medical Center - 10905 7600 River Road North Bergen, NJ 07047	4.64	12 minutes
Meadowlands Hospital Medical Center - 10906 55 Meadowlands Pkwy Secaucus, NJ 07094	5.64	16 minutes

Source: Map Quest

After carefully reviewing the data (see appendices), Department Staff believes that the decision to transfer the ownership of HUMC is in the best interest of the residents in Hudson County as well as the hospital’s patient base in the municipalities of Hoboken, Jersey City, North Bergen, Union City, Weehawken and West New York. This transfer, the only option presented to the Department, would be the least disruptive to the area’s health care delivery system of all the possible options, at this time. Staff does not believe this transfer would significantly affect any of the existing providers or create access problems, since the new ownership is committed to serving the same population as its predecessor and working towards increasing the utilization of existing resources.

On balance, the stability to the community by this provider outweighs the alternative of an unplanned reduction of services or significant disruption, at this time, especially absent a county-wide plan for inpatient hospital services. Department staff is satisfied that the health status of the patients in Hudson County would not be compromised based on the completion of this transfer.

The need for special equipment and services in the area will not be impacted as the applicant is to maintain the facility as an acute care general hospital at the same licensed bed complement and service levels. Department staff relies on the applicant's statement to maintain inpatient services and acknowledgement that the applicant's business plan does not establish any new inpatient services or duplication of existing services provided in neighboring hospitals.

### **Adequacy of financial resources and sources of present and future revenues**

According to unaudited statements provided by the New Jersey Health Care Facilities Financing Authority (NJHCFFA), the year-end statements showed a loss from operations of \$1,354,238 on revenues of \$157,344,477, which translates to a negative .86% operating margin. Adding in the proceeds from the sale of rehab beds and other non-operating revenue, the hospital had a breakeven profit margin. The most recent data through May 2011 shows a loss from operations of \$172,049 on revenues of \$58,394,155, which translates to a negative .29% operating margin. Adding in non-operating revenue, the profit margin was a negative .27%. Cash at year end for 2010 was \$3,743,767, which translates to about 10 days cash on hand. As of May 31, 2011, cash was \$2,658,825, or about 7 days cash on hand. As of May 31, 2011, the hospital had \$50,190,000 in long-term debt outstanding.

The Department notes that the applicant has identified commercial insurance payers for HUMC. The applicant in response to Completeness Question 15.a (May 2011) has stated that it has no intention of assuming any of the existing managed care agreements because their reimbursement rates are below industry standards and would not sustain operations at HUMC. HUMC Holdco, LLC is currently in negotiations with all the major insurers and their intention is to negotiate new contracts with rates and terms that are more favorable to the long term viability of HUMC. The applicant is committed to negotiate in good faith to obtain reasonable terms and rates. Prior to the actual transfer, Department Staff is not able to determine the extent of the willingness of HUMC Holdco, LLC to negotiate managed care contracts. The Department notes concerns that if HUMC Holdco, LLC pursues an out-of-network solution that there may be a significant impact on the delivery of health care services. Please refer to appendix C.

HUMC will hire additional employees to staff the hospital in some areas while in other areas there would be fewer employees. However, the hospital will continue to ensure that appropriate staffing levels are maintained for all of their services. HUMC expects to have fewer Full-Time Equivalents however the applicant has agreed to offer employment to no fewer than 75% of the current employees. With common ownership

for both Bayonne Medical Center and HUMC, the applicant believes that cost savings would be delivered to Hudson and surrounding counties via reduction of duplication of diagnostic tests, streamlining of technology and information delivery, and coordination of care.

### **Staff Recommendations:**

Based on this documentation of compliance with regulatory and statutory criteria, Department staff recommends approving the transfer of ownership of HUMC from the HMHA to Holdco for the following reasons and with the conditions noted below.

#### **Reasons:**

1. Financial conditions at HUMC under the ownership of the HMHA would place the continued operation of HUMC at risk and could eventually lead to its closure, reduction of services or bankruptcy. The applicant is focusing its efforts on rebuilding the health care delivery system at HUMC by enhancing their medical and non-medical supportive technology, as well as creating a more structured physician and patient environment for better care. This transfer will promote the sharing of services and administrative efficiencies for both HUMC and Bayonne Medical Center.
2. Since 2006, the overall annual occupancy rate and ADC at HUMC has been relatively stable for the four bed categories of medical/surgical, OB/GYN, Pediatrics and ICU/CCU. However, without additional funding to strengthen their delivery system, it is doubtful that the present ownership would be able to continue providing services at their present levels. The applicant's business model and marketing strategies for HUMC could stimulate an increase in patient volume, principally by reducing out-migration and, in turn, return the hospital to financial stability.
3. HUMC has operated in the region serving Hoboken and the nearby communities with limited overlap or effect on the surrounding hospitals. No data exists to suggest that this transfer of ownership would change HUMC's relationship with the other Hudson County hospitals or adversely impact the health status of the community.
4. The applicant complies with the Department's general transfer of ownership criteria: there is a willing buyer and seller; the buyer has presented a financially feasible project; and the buyer has an acceptable licensing track record.



Conditions:

Based on this documentation of compliance with regulatory and statutory criteria, Department staff recommends approving this transfer of ownership, with the following conditions:

1. 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 HUMC Holdco, LLC.
2. 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, HUMC Holdco, LLC shall hire at least 75% of the employees who are currently employed at HUMC.
4. HUMC Holdco, LLC 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 HUMC Holdco, LLC within the seven year period.
5. HUMC Holdco, LLC shall continue all clinical services and community health programs currently offered at HUMC. 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.
6. HUMC Holdco, LLC 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), HUMC Holdco, LLC shall not only comply with federal EMTALA requirements, but also provide care for all patients who present themselves at HUMC without regard to their ability to pay or payment source.
8. The value of indigent care provided by HUMC Holdco, LLC shall be determined by the dollar value of documented charity care, calculated at the prevailing

Medicaid rate, and shall not be limited to the amount of charity care provided historically by HUMC.

9. HUMC Holdco, LLC 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 employees of, nor related to employees of, any parent, 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, HUMC Holdco, LLC shall provide the Department with an organizational chart of the hospital and each service that shows lines of authority, responsibility, and communication between Holdco, LLC and hospital management and board. HUMC, as licensee, shall be responsible for compliance.
11. Within three months of approval of this application, HUMC Holdco LLC 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, HUMC Holdco LLC 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. HUMC Holdco LLC shall minimally seek participation from each town in the service area of MHMC 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. HUMC Holdco LLC 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 who is neither employed nor related to anyone employed by any parent, corporate subsidiaries or corporate affiliates.
  - 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, a 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. HUMC Holdco, LLC 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 Holdco, LLC shall submit a report to the Department, on an annual basis for the initial seven years following the transfer of ownership, or upon request, detailing:
- a. The investments it has made during the previous year at the hospital. Such report shall also include a detailed annual accounting of any long or short term debt or other liabilities incurred on the hospital's behalf and reflected on the HUMC's balance sheet; and,
  - b. The transfer of funds from the hospital to any parent, subsidiary corporation, or corporate affiliate and shall indicate the amount of funds transferred. Transfer 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; and
  - c. All financial data and measures required pursuant to N.J.A.C. 8:31B and from the financial indicators monthly reporting.
13. Within 15 days of approval of this application, HUMC Holdco, LLC 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 provider, 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 16 below.
14. HUMC shall hold an annual 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 Holdco, LLC should address these; and
- b. A method for HUMC Holdco, LLC to publicly respond to the concerns expressed by community members at the annual public board meeting.

HUMC Holdco, LLC 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, health professional education, and shall be submitted to the Department by October 1 of every year for review and comment and presented to the public at the hospital's annual public meeting.
16. In terms of on-going insurance coverage, after the transfer is implemented, HUMC Holdco, LLC shall:
  - a. Assume and continue each of the current HMO and commercial insurance contracts at HUMC that were in effect on August 4, 2011 for at least 12 months after licensure to encourage reasonable best efforts to negotiate referenced in (b).
  - b. In advance of the conclusion of the twelve month mandatory contracting period, HUMC Holdco, LLC shall use its commercially reasonable best efforts to negotiate in good faith for in network HMO and commercial insurance contracts, with commercially reasonable rates based on the rates that HMOs and commercial insurance companies pay to similarly situated in network hospitals in the northern New Jersey region.
  - c. HUMC Holdco, LLC, shall convene periodic meetings to review and evaluate all issues arising in contract negotiations and provide written documentation of on-going negotiations to the Department on a monthly basis. This documentation shall include, but not be limited to, numbers and results of all telephone calls, correspondence and meetings with existing HMO and commercial insurance carriers, including all follow-up to these. At a minimum, HUMC Holdco, LLC, shall have monthly contact with the existing HMO and commercial insurers. If the existing HMO and commercial insurers fail to respond to request for negotiations, then HUMC Holdco, LLC shall notify the Department to request assistance.

- d. Within 10 days after the acquisition is completed, HUMC Holdco, LLC shall post on the hospital's website and in the hospital's Emergency Department 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.
  - e. At least 60 days prior to HUMC Holdco, LLC's termination of any HMO or commercial insurance contracts within the first year after transfer of license that will expand the out-of network service coverage, HUMC Holdco, LLC shall meet with representatives from the Department of Banking and Insurance and the Department of Health and Senior Services to discuss the intent to terminate such contract, willingness to enter into mediation, and documenting how it will provide notice to patients and providers, as well as why such action will not restrict access to health care.
  - f. For at least two years after licensure, HUMC Holdco, 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 emergency department.
17. In accordance with the provisions of N.J.S.A.26:2H-18.59h, HUMC Holdco, LLC shall "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."
  18. HUMC Holdco, LLC shall report annually to the Department's CNHCFL Program concerning the status of the conditions referenced in this approval letter.
  19. All reports required in these conditions shall be forwarded to the Department's Office of Certificate of Need and Healthcare Facility Licensure.
  20. All the above conditions shall also apply to any successor organization to HUMC Holdco, LLC who acquires HUMC within seven years from the date of the Certificate of Need approval.

### Appendix A - Licensed Beds

2006						
		Med/Surg	OB/GYN	PEDs	ICU/CCU	Combined
Bayonne	Beds	205	10	17	14	246
	OccRt	58.94%	13.26%	16.79%	91.41%	56.02%
	ADC	120.82	1.33	2.86	12.80	137.80
Hoboken	Beds	218	25	20	16	279
	OccRt	36.69%	41.64%	25.55%	31.40%	36.03%
	ADC	79.99	10.41	5.11	5.02	100.54
Meadowlands	Beds	138	22	26	14	200
	OccRt	49.68%	27.14%	25.44%	79.53%	46.14%
	ADC	68.55	5.97	6.61	11.13	92.27
Jersey City Medical Center	Beds	153	26	26	40	245
	OccRt	90.80%	92.67%	64.28%	72.43%	85.18%
	ADC	138.92	24.09	16.71	28.97	208.70
Christ	Beds	294	18	31	18	361
	OccRt	57.52%	53.29%	19.80%	93.15%	55.85%
	ADC	169.11	9.59	6.14	16.77	201.60
Palisades	Beds	166	20	6	10	202
	OccRt	75.03%	62.16%	41.32%	100.36%	74.01%
	ADC	124.55	12.43	2.48	10.04	149.50
Countywide Averages	Beds	196	20	15	18	256
	OccRt	59.79%	52.75%	31.67%	75.65%	58.08%
	ADC	116.99	10.64	6.65	14.12	148.40

2007						
		Med/Surg	OB/GYN	PEDs	ICU/CCU	Combined
Bayonne	Beds	205	10	17	14	246
	OccRt	47.68%	0%	14.57%	84.74%	45.56%
	ADC	97.75	0	2.48	11.89	112.08
Hoboken	Beds	218	25	20	16	279
	OccRt	41.37%	47.98%	29.59%	40.50%	41.07%
	ADC	90.19	12.00	5.92	6.48	114.58
Meadowlands	Beds	138	22	26	14	200
	OccRt	40.15%	29.78%	32.48%	67.65%	39.94%
	ADC	55.41	6.55	8.44	9.47	79.87
Jersey City Medical Center	Beds	153	26	26	40	245
	OccRt	75.95%	68.23%	28.17%	52.89%	66.29%
	ADC	116.2	17.74	7.32	21.16	162.42
Christ	Beds	294	18	31	18	361
	OccRt	52.35%	55.04%	23.01%	87.38%	51.67%
	ADC	153.92	9.73	7.13	15.73	201.60
Palisades	Beds	166	20	6	10	202
	OccRt	70.04%	59.34%	36.30%	61.40%	67.55%
	ADC	116.27	11.87	2.18	6.14	162.42
Countywide Averages	Beds	196	20	21	19	256
	OccRt	53.64%	47.84%	26.57%	63.25%	51.66%
	ADC	104.95	9.65	5.58	11.81	131.99

<b>2008</b>						
		<b>Med/Surg</b>	<b>OB/GYN</b>	<b>PEDs</b>	<b>ICU/CCU</b>	<b>Combined</b>
<b>Bayonne</b>	Beds	205	10	17	14	246
	OccRt	42.84%	0%	9.18%	82.51%	41.03%
	ADC	87.83	0	1.56	11.55	100.94
<b>Hoboken</b>	Beds	218	25	20	16	279
	OccRt	40.24%	50.66%	26.19%	43.68%	40.36%
	ADC	87.72	12.66	5.24	6.99	112.61
<b>Meadowlands</b>	Beds	138	22	26	14	200
	OccRt	39.56%	32.49%	23.15%	67.85%	38.63%
	ADC	54.60	7.15	6.02	9.50	77.27
<b>Jersey City Medical Center</b>	Beds	153	26	26	40	245
	OccRt	79.01%	58.38%	6.31%	62.83%	66.45%
	ADC	120.88	15.18	1.64	25.13	162.83
<b>Christ</b>	Beds	294	15	31	18	358
	OccRt	51.91%	61.40%	26.08%	77.75%	51.37%
	ADC	152.61	9.21	8.08	14.00	183.90
<b>Palisades</b>	Beds	166	20	6	10	202
	OccRt	63.50%	55.04%	36.93%	21.89%	59.81%
	ADC	105.41	11.01	2.22	2.19	120.82
<b>Countywide Averages</b>	Beds	196	20	21	19	255
	OccRt	51.88%	46.79%	19.65%	61.93%	49.57%
	ADC	101.51	9.20	4.13	11.56	126.39

<b>2009</b>						
		<b>Med/Surg</b>	<b>OB/GYN</b>	<b>PEDs</b>	<b>ICU/CCU</b>	<b>Combined</b>
<b>Bayonne</b>	Beds	205	10	17	14	246
	OccRt	38.04%	0%	4.56%	74.19%	36.24%
	ADC	77.98	0	0.78	10.39	89.14
<b>Hoboken</b>	Beds	218	25	20	16	279
	OccRt	37.10%	50.18%	22.75%	42.91%	37.57%
	ADC	80.87	12.55	4.55	6.87	104.83
<b>Meadowlands</b>	Beds	138	22	26	14	200
	OccRt	39.32%	27.77%	21.09%	65.64%	37.52%
	ADC	54.26	6.11	5.48	9.19	75.04
<b>Jersey City Medical Center</b>	Beds	153	26	26	40	245
	OccRt	91.60%	57.96%	16.90%	63.16%	75.46%
	ADC	140.14	15.07	4.39	25.27	184.87
<b>Christ</b>	Beds	294	13	31	18	356
	OccRt	46.31%	70.26%	26.70%	75.83%	46.97%
	ADC	136.16	9.13	8.28	13.65	167.22
<b>Palisades</b>	Beds	166	20	6	10	202
	OccRt	62.21%	54.60%	36.21%	60.19%	60.58%
	ADC	103.27	10.92	2.17	6.02	122.38
<b>Countywide Averages</b>	Beds	196	19	21	19	255
	OccRt	50.48%	46.36%	20.36%	63.73%	48.66%
	ADC	98.72	8.96	4.28	1.90	123.92

2010						
		Med/Surg	OB/GYN	PEDs	ICU/CCU	Combined
<b>Bayonne</b>	Beds	205	10	17	14	246
	OccRt	39.96%	0%	1.76%	70.16%	37.42%
	ADC	81.92	0	0.30	9.82	92.04
<b>Hoboken</b>	Beds	218	25	20	16	279
	OccRt	36.44%	46.65%	17.40%	42.33%	36.33%
	ADC	79.44	11.66	3.48	6.77	101.35
<b>Meadowlands</b>	Beds	138	22	26	14	200
	OccRt	33.00%	23.55%	13.44%	50.00%	30.61%
	ADC	45.54	5.18	3.49	7.00	61.21
<b>Jersey City Medical Center</b>	Beds	153	26	26	35	240
	OccRt	86.10%	63.06%	18.09%	80.31%	75.39%
	ADC	131.73	16.40	4.70	28.11	180.93
<b>Christ</b>	Beds	294	13	31	18	356
	OccRt	40.67%	73.28%	17.55%	61.66%	40.91%
	ADC	119.56	9.53	5.44	11.10	145.63
<b>Palisades</b>	Beds	166	20	6	10	202
	OccRt	58.34%	56.60%	52.69%	79.89%	59.07%
	ADC	96.85	11.32	3.16	7.99	119.32
<b>Countywide Averages</b>	Beds	196	19	21	18	254
	OccRt	47.28%	46.62%	16.33%	66.16%	45.99%
	ADC	92.51	9.01	3.43	11.80	116.75

Source: Department's Health Care Financing Systems Summary of Inpatient Utilization (B-2)



**Appendix B – Maintained Beds**

<b>2006</b>						
		<b>Med/Surg</b>	<b>OB/GYN</b>	<b>PEDs</b>	<b>ICU/CCU</b>	<b>Combined</b>
<b>Bayonne</b>	Beds	205	10	17	14	246
	OccRt	58.94%	13.26%	16.79%	91.41%	56.02%
	ADC	120.82	1.33	2.86	12.80	137.80
<b>Hoboken</b>	Beds	122	22	15	15	174
	OccRt	65.57%	47.32%	34.06%	33.50%	57.78%
	ADC	79.99	10.41	5.11	5.02	100.54
<b>Meadowlands</b>	Beds	78	24	12	14	128
	OccRt	87.89%	24.87%	55.11%	79.53%	72.09%
	ADC	68.55	5.97	6.61	11.13	92.27
<b>Jersey City Medical Center</b>	Beds	152	26	26	34	238
	OccRt	91.40%	92.67%	64.28%	85.21%	87.69%
	ADC	138.92	24.09	16.71	28.97	208.70
<b>Christ</b>	Beds	193	33	15	18	259
	OccRt	87.62%	29.07%	40.91%	93.15%	77.84%
	ADC	169.11	9.59	6.14	16.77	201.60
<b>Palisades</b>	Beds	144	20	6	10	180
	OccRt	86.49%	62.16%	41.32%	100.36%	83.05%
	ADC	124.55	12.43	2.48	10.04	149.50
<b>Countywide Averages</b>	Beds	149	22	21	19	204
	OccRt	78.52%	47.28%	43.85%	80.70%	72.69%
	ADC	116.99	10.64	6.65	14.12	148.40

<b>2007</b>						
		<b>Med/Surg</b>	<b>OB/GYN</b>	<b>PEDs</b>	<b>ICU/CCU</b>	<b>Combined</b>
<b>Bayonne</b>	Beds	195	7	17	14	233
	OccRt	50.13%	0%	14.57%	84.74%	48.11%
	ADC	97.75	0	2.48	11.89	112.08
<b>Hoboken</b>	Beds	127	22	15	15	179
	OccRt	71.01%	54.52%	39.45%	43.20%	64.01%
	ADC	90.19	12.00	5.92	6.48	114.58
<b>Meadowlands</b>	Beds	78	24	12	14	128
	OccRt	71.03%	27.29%	70.37%	67.65%	62.40%
	ADC	55.41	6.55	8.44	9.47	79.87
<b>Jersey City Medical Center</b>	Beds	152	26	26	34	238
	OccRt	76.45%	68.23%	28.17%	62.22%	68.24%
	ADC	116.2	17.74	7.32	21.16	162.42
<b>Christ</b>	Beds	199	26	15	18	258
	OccRt	77.35%	37.42%	47.56%	87.38%	72.29%
	ADC	153.92	9.73	7.13	15.73	201.60
<b>Palisades</b>	Beds	144	20	6	10	180
	OccRt	80.74%	59.34%	36.30%	61.40%	75.81%
	ADC	116.27	11.87	2.18	6.14	162.42
<b>Countywide Averages</b>	Beds	149	21	15	18	203
	OccRt	70.36%	46.31%	36.78%	67.47%	65.13%
	ADC	104.95	9.65	5.58	11.81	131.99

2008						
		Med/Surg	OB/GYN	PEDs	ICU/CCU	Combined
Bayonne	Beds	165	0	17	14	196
	OccRt	53.23%	0%	9.18%	82.51%	51.50%
	ADC	87.83	0	1.56	11.55	100.94
Hoboken	Beds	127	22	15	15	179
	OccRt	69.07%	57.56%	34.92%	46.59%	62.91%
	ADC	87.72	12.66	5.24	6.99	112.61
Meadowlands	Beds	78	24	12	14	128
	OccRt	70.00%	29.78%	50.16%	67.85%	60.37%
	ADC	54.60	7.15	6.02	9.50	77.27
Jersey City Medical Center	Beds	152	26	22	37	237
	OccRt	79.53%	58.38%	7.45%	67.93%	68.70%
	ADC	120.88	15.18	1.64	25.13	162.83
Christ	Beds	199	19	15	18	251
	OccRt	76.69%	48.48%	53.90%	77.75%	73.27%
	ADC	152.61	9.21	8.08	14.00	183.90
Palisades	Beds	144	20	6	10	180
	OccRt	73.20%	55.04%	36.93%	21.89%	67.12%
	ADC	105.41	11.01	2.22	2.19	120.82
Countywide Averages	Beds	144	19	15	18	195
	OccRt	70.41%	49.74%	28.46%	64.22%	64.76%
	ADC	101.51	9.20	4.13	11.56	126.39

2009						
		Med/Surg	OB/GYN	PEDs	ICU/CCU	Combined
Bayonne	Beds	156	0	16	14	186
	OccRt	49.99%	0%	4.85%	74.19%	47.93%
	ADC	77.98	0	0.78	10.39	89.14
Hoboken	Beds	127	22	15	15	179
	OccRt	63.68%	57.02%	30.34%	45.77%	58.57%
	ADC	80.87	12.55	4.55	6.87	104.83
Meadowlands	Beds	78	24	12	14	128
	OccRt	69.57%	25.46%	45.68%	65.64%	58.63%
	ADC	54.26	6.11	5.48	9.19	75.04
Jersey City Medical Center	Beds	153	26	10	44	233
	OccRt	91.60%	57.96%	43.95%	57.42%	79.34%
	ADC	140.14	15.07	4.39	25.27	184.87
Christ	Beds	181	17	15	18	231
	OccRt	75.23%	53.73%	55.18%	75.83%	72.39%
	ADC	136.16	9.13	8.28	13.65	167.22
Palisades	Beds	144	20	6	10	180
	OccRt	71.71%	54.60%	36.21%	60.19%	67.99%
	ADC	103.27	10.92	2.17	6.02	122.38
Countywide Averages	Beds	140	18	12	19	190
	OccRt	70.64%	49.34%	34.66%	62.07%	65.39%
	ADC	98.72	8.96	4.28	11.90	123.92

<b>2010</b>						
		<b>Med/Surg</b>	<b>OB/GYN</b>	<b>PEDs</b>	<b>ICU/CCU</b>	<b>Combined</b>
<b>Bayonne</b>	Beds	127	0	17	14	158
	OccRt	64.51%	0%	1.76%	70.16%	58.26%
	ADC	81.92	0	0.30	9.82	92.04
<b>Hoboken</b>	Beds	124	22	15	15	176
	OccRt	64.06%	53.01%	23.20%	45.15%	57.59%
	ADC	79.44	11.66	3.48	6.77	101.35
<b>Meadowlands</b>	Beds	78	24	12	14	128
	OccRt	58.38%	21.59%	29.11%	50.00%	47.82%
	ADC	45.54	5.18	3.49	7.00	61.21
<b>Jersey City Medical Center</b>	Beds	152	26	10	44	232
	OccRt	86.66%	63.06%	47.04%	63.89%	77.99%
	ADC	131.73	16.40	4.70	28.11	180.93
<b>Christ</b>	Beds	156	17	21	18	212
	OccRt	76.64%	56.04%	25.91%	61.66%	68.69%
	ADC	119.56	9.53	5.44	11.10	145.63
<b>Palisades</b>	Beds	144	20	6	10	180
	OccRt	67.26%	56.60%	52.69%	79.89%	66.29%
	ADC	96.85	11.32	3.16	7.99	119.32
<b>Countywide Averages</b>	Beds	130	18	14	19	181
	OccRt	71.07%	49.62%	25.41%	61.56%	64.50%
	ADC	92.51	9.01	3.43	11.80	116.75

Source: Department's Health Care Financing Systems Summary of Inpatient Utilization (B-2)

**Appendix C**  
**Revenue and % of Revenue for contracted plans I/P vs. OP. and Total**

Ins. Plan	IP Rev.	IP %	OP Rev	OP %	Tot Rev	Tot %
Aetna	\$1,890,424	1.97%	\$2,261,013	2.36%	\$4,151,438	4.33%
Americhoice	\$1,390,828	1.45%	\$3,502,217	3.66%	\$4,893,045	5.11%
Amerigroup	\$ 847,769	0.89%	\$2,109,479	2.20%	\$2,957,248	3.09%
Amerihealth	\$ 78,774	0.08%	\$ 68,554	0.07%	\$ 147,328	0.15%
Amerivantage	\$ 244,858	0.26%	\$ 58,294	0.06%	\$ 303,152	0.32%
Anthem Health & Life	0	0.00%	\$ 6,333	0.01%	\$ 6,333	0.01%
Beech Street	\$ 27,718	0.03%	\$ 8,349	0.01%	\$ 36,067	0.04%
Horizon BX	\$3,541,304	3.70%	\$4,550,694	4.75%	\$8,091,997	8.45%
Horizon NJ	\$2,370,522	2.47%	\$4,023,041	4.20%	\$6,393,563	6.68%
CCN	0	0.00%	0	0.00%	0	0.00%
CIGNA	\$1,053,391	1.10%	\$1,639,794	1.71%	\$2,693,185	2.81%
Empire	\$ 812,220	0.85%	\$1,054,300	1.10%	\$1,866,520	1.95%
GHI	\$ 205,905	0.21%	\$ 188,073	0.20%	\$ 393,978	0.41%
Health First	\$ 363,945	0.38%	\$ 749,092	0.78%	\$1,113,037	1.16%
Healthnet	\$ 517,684	0.54%	\$ 517,137	0.54%	\$1,034,822	1.08%
Magnet	\$ 156,829	0.16%	\$ 171,497	0.18%	\$ 328,325	0.34%
Multiplan	\$ 65,892	0.07%	\$ 30,041	0.03%	\$ 95,933	0.10%
Oxford/United	\$2,139,004	2.23%	\$2,775,792	2.90%	\$4,914,796	5.13%
Qualcare	\$ 38,738	0.04%	\$ 298,735	0.31%	\$ 337,472	0.35%
UHP	\$ 49,427	0.05%	\$ 231,147	0.24%	\$ 280,574	0.29%

Source: HMHA/Hoboken UMC & Applicant