



State of New Jersey
DEPARTMENT OF HEALTH

PO BOX 358
TRENTON, N.J. 08625-0358

www.nj.gov/health

PHILIP D. MURPHY
Governor

TAHESHA L. WAY
Lt. Governor

KAITLAN BASTON, MD, MSc, DFASAM
Commissioner

May 31, 2024

VIA ELECTRONIC & FIRST-CLASS MAIL

Mohamed H. Nabulsi, Esq.
Mandelbaum Barrett, PC
3 Becker Farm Road, Suite 105
Roseland, NJ 07068

Re: Hudson Regional Hospitals, LLC
FR CN # 2024-04353-09;01
Transfer of Ownership of CarePoint Health-
Bayonne Medical Center
Completeness Questions- 1st Set

Dear Mr. Nabulsi:

The Department of Health (Department) requires additional information for the application referenced above, which was submitted on April 1, 2024. This request is being submitted in writing in accordance with N.J.A.C. 8:33-4.5(c), which provides that "Once an application has been submitted to the Department, no subsequent submission of information shall be accepted unless specifically requested in writing by the Department."

Enclosed please find Completeness Questions for your response within ten business days of receipt of this letter. To facilitate the review of your response, it is requested that your response letter be presented in a question-and-answer format (i.e., re-state each question and follow with the appropriate response). Be advised that based on a review of your responses, additional questions and/or requests may be forthcoming.

If you have any questions concerning this matter, please do not hesitate to contact me at (609) 292-6552. I can also be reached via email at Joshua.Antunes1@doh.nj.gov.

Sincerely,

Joshua Antunes
Health Systems Specialist
Certificate of Need and Healthcare Facility
Licensure Program

Hudson Regional Hospitals, LLC
FR CN # 2024-04353-09;01
Expedited Review – Transfer of Ownership
Completeness Questions
Page 2

Enclosure

C: A. Ventura, DOH
N. Kifaieh, Hudson Regional Hospital

EXPEDITED REVIEW - COMPLETENESS QUESTIONS

NAME OF APPLICANT:

CERTIFICATE OF NEED NUMBER:

Hudson Regional Hospitals, LLC
CN FR # 2024-04353-09;01
Transfer of Ownership of CarePoint
Health-Bayonne Medical Center
Joshua Antunes
(609) 292-6552
Joshua.Antunes1@doh.nj.gov

NAME OF REVIEWER:

TELEPHONE NUMBER OF REVIEWER:

REVIEWER'S EMAIL:

A Certificate of Need – Full Review (CN FR) application has been submitted for CarePoint Health- Bayonne Medical Center (Bayonne Medical Center or BMC), an existing general acute care hospital, licensed for a total of 244 beds (License # 10901), located at 29 East 29th Street in Bayonne, NJ 07002 (Hudson County).

The Hospital is a member of CarePoint Health along with CarePoint Health- Christ Hospital and CarePoint Health- Hoboken University Medical Center.

BMC has the following designations: Primary Stroke Center and Community Perinatal Center- Basic.

As per the cover letter submitted with this application, this CN application requests approval for the transfer of ownership of BMC from IJKG Opco LLC to Hudson Regional Hospitals, LLC. The Applicant, Hudson Regional Hospitals, LLC (HRH), is a limited liability company, and the proposed sole ownership entity of this Facility.

The following are Completeness Questions from the Department of Health (hereinafter, "Department" or "DOH"):

1. The Department has recently been made aware that OBGYN beds have not been provided at CarePoint Health – Bayonne Medical Center for an unspecified period of time.

Confirm if Hudson Regional Hospitals, LLC will continue operating OBGYN beds at Bayonne Medical Center, which coordinates with the ten (10) Community Perinatal Center – Normal Bassinets listed on page 23 of the CN-3 Application, as well as Bayonne Medical Center's designation as a community perinatal center – basic.

2. On page 13 of the CN-3 Application, point 9 describes programmatic concepts that will be applied to Bayonne Medical Center.

Provide further information on these programmatic concepts, expanding on each as it applies to the clinical services described.

3. On page 13 of the CN-3 application, point 11 describes substantial investments in new equipment and technology at Bayonne Medical Center.

Provide preliminary concepts of this equipment expansion.

4. CarePoint Health – Bayonne Medical Center was approved as of May 10, 2024, to operationalize fifteen (15) Adult Acute Involuntary Psychiatric Beds (Closed Beds) by way of converting fifteen (15) Adult Acute Voluntary Psychiatric Beds (Open Beds). The 15 Open Beds will be taken offline, and the Hospital will have 2 years from May 10, 2024 to license the offline beds without requiring the submission of a CN application.

If Hudson Regional Hospitals, LLC is to acquire Bayonne Medical Center, confirm if it is HRH's intent to bring these fifteen (15) Adult Acute Voluntary Psychiatric Beds (Open Beds) back online before their expiry of May 10, 2026. If yes, please provide the proposed plan for reimplementing the Open Beds.

5. Page 22 of the CN-3 Application lists fourteen (14) ESRD Chronic Hemodialysis Stations being offered by CarePoint Health – Bayonne Medical Center. The fourteen (14) ESRD Chronic Hemodialysis Stations were removed from Bayonne Medical Center's License as of June 11, 2018, due to a transfer of those services to Fresenius Kidney Care Bayonne, License # 25092; this was confirmed in a letter by the Department May 24, 2023.

Resubmit page 22 of the CN-3 Application, making note those fourteen stations are not on the hospital license.

6. With the submission of this application, you have included Hudson Health System Organization Chart.

As this application only involves the transfer of ownership of BMC, submit a post ownership chart for BMC which shall identify 100% ownership of the Facility post transfer.

7. Be advised page 25 of the CN-3 Application includes three (3) facilities owned, operated, or managed by the Applicant.
 - a. **Identify all facilities in New Jersey and Out of State that are owned, operated, or managed, by Hudson Regional Hospitals, LLC or its members.**
 - b. **Resubmit page 25 to include Hudson Regional Hospital.**

8. Per the Binding Term Sheet, the Applicant referenced an intent to create a four (4) hospital health system, which includes Hudson Regional Hospital, Bayonne Medical Center, Christ Hospital, and Hoboken University Medical Center.
 - a. **Confirm if Hudson Regional Hospitals, LLC has taken any additional steps to advance this proposal.**
 - b. **Provide a proposed plan with further information, including a timeline of the proposed plan to establish this four (4) hospital health system.**
9. Section 2 of the Binding Term Sheet details a Management organization within the proposed four (4) hospital health system, with both CarePoint Health Systems, Inc. and Hudson Regional Hospitals, LLC possessing 50% ownership interest.

If available, provide a copy of the management contract between CarePoint Health Systems, Inc. and Hudson Regional Hospitals, LLC.

10. Section 3 of the Binding Term Sheet details control of the proposed four (4) hospital health system.

Provide further detail on the proposed control structure.

11. Section 4 of the Binding Term Sheet details the Delaware lease litigation between CarePoint Health – Bayonne Medical Center and its landlord.

Provide the outcome and supporting documents relating to the settlement of the Delaware lease litigation.

12. Section 4 of the Binding Term Sheet details IJKG Opco will remain obligated on any base rent payments and shall promptly cure any existing base rent default by January 15, 2024.

Confirm if any existing base rent defaults have been cured.

13. Section 4 of the Binding Term Agreement details if existing base rent defaults are not cured, IJKG Opco shall stipulate to a consent order lifting the temporary restraining order against drawing the line of credit.

a. Provide a copy of the temporary restraining order.

b. If not cured, how will this base rent deficiency impact Bayonne Medical Center?

14. Section 4 of the Binding Term Agreement details CarePoint will purchase tail insurance for IJKG Opco.

Elaborate on what this insurance plan would cover and include.

15. Section 9 of the Binding Term Agreement details in no event shall the due diligence period exceed 30 days from the execution of the definitive documents.

Confirm if due diligence has been completed, as well as if the parties have finalized a purchase agreement.

16. Note that subsequent to CN approval, the Applicant is required to submit CN-7 license application for the proposed Transfer of Ownership and will be required to await approval to proceed with the transfer.

Confirm your understanding.

Note: Please be aware that as the CN ER application review continues, additional questions and/or requests may be forthcoming, including related to the Applicant's regulatory compliance/ track record.

Mohamed H. Nabulsi, Esq.
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Roseland, New Jersey 07068
t. 973-736-4600 f. 973-325-7467
www.mblawfirm.com

June 12, 2024

VIA E-MAIL AND OVERNIGHT MAIL

Mr. Joshua Antunes
Health Systems Specialist
Certificate of Need and Healthcare Facility Licensure Program
State of New Jersey Department of Health
120 S. Stockton Street, 3rd Floor
Trenton, New Jersey 08608

**RE: Hudson Regional Hospital, LLC
FR CN# 2024-04353-09;01
Transfer of Ownership of CarePoint Health - Bayonne Medical Center
Completeness Questions – 1st Set**

Dear Mr. Antunes:

Enclosed are the responses and attachments for the first set of Completeness Questions for the certificate of need application from Hudson Regional Hospitals, LLC for the transfer of ownership of CarePoint Health - Bayonne Medical Center.

Should you have any questions, please feel free to contact Nizar Kifaieh, M.D. at 201-392-3200.

Very truly yours,

MANDELBAUM BARRETT PC

BY: /s/ Mohamed H. Nabulsi
Mohamed H. Nabulsi, Esq.

MHN/erl
cc: client

Enc.

Hudson Regional Hospitals, LLC – CN FR #2024-04353-9;01
Transfer of Ownership of CarePoint Health – Bayonne Medical Center

Responses to Completeness Questions – 1st Set

- 1. The Department has recently been made aware that OBGYN beds have not been provided at CarePoint Health – Bayonne Medical Center for an unspecified period of time.**

Confirm if Hudson Regional Hospital, LLC will continue operating OBGYN beds at Bayonne Medical Center, which coordinates with the ten (10) Community Perinatal Center – Normal Bassinets listed on page 23 of the CN-3 Application, as well as Bayonne Medical Center’s designation as a community perinatal center – basic.

OBGYN services at CarePoint-Bayonne Medical Center ceased in 2010 due to gradual decline in the volume of births at the hospital. Furthermore, in 2020, CarePoint Christ Hospital closed its OBGYN unit and CarePoint Health consolidated all of its OBGYN services at Hoboken University Medical Center. Hudson Regional Hospital would like to keep the current designation and the 10 community perinatal center bassinets and will first and foremost complete a community needs assessment for these services prior to making any decisions. Hudson Regional Hospital’s leadership foresees Bayonne as a rapidly growing community and Bayonne Medical Center, being the only acute care hospital, does have the potential of building a state-of-the-art woman and children program and sustain it moving forward.

- 2. On page 13 of the CN-3 Application, point 9 describes programmatic concepts that will be applied to Bayonne Medical Center.**

Provide further information on these programmatic concepts, expanding on each as it applies to the clinical services described.

Community awareness and collaboration: Beginning in 2022, HRH started its outpatient primary care practices with the goal of expanding its services and outreach in and around Hudson County. The physicians and staff were largely recruited from within the communities, which fostered a unique familiarity with the group. At these locations, primary care and sub-specialty services are being offered using conventional office visits and Tele-Visits and various programs are offered in partnership with the HRH community awareness team and our medical staff. In addition, HRH has been partnering with North Hudson FQHC with goals to improve access to care for the indigent and underserved in our communities. This concept is unique to our community and fosters improvement in community health and access to care.

Value based care utilization & application: HRH has been partnering with community physicians, Skilled Nursing facilities as well as with QIO-IPRO (Quality Improvement Organization – Independent Peer Review Organization) coalition to collaborate and improve

the delivery of healthcare, reduce the overall cost of care, prevent readmissions and achieve the quality metrics set forth by CMS and HEDIS.

Peri-operative services w/ goal directed value-analysis process: HRH is host to 5 SRC-certified robotic surgery programs, which is the only their kind in Hudson County. The hospital has 10 ORs in addition to the endoscopy suites and maintains a very efficient patient scheduling, OR throughput and utilization program with robust multi-specialty participation from surgeons, nurses and technicians in the value analysis aspect of the program. This drives the purchasing, replacements, Biomed/implants and staffing matrix for the peri-operative services. The program allows for transparency and equal participation for everyone to bring forth new programs/features and/or changes to the service line.

Healthcare innovation and adoption of medical technology: HRH has been on the forefront of healthcare innovation and adopting meaningful technology in its clinical service lines. This strategy has been utilized to make enhancements to our cardiovascular program in the new state-of-the-art cardiac catheterization labs, as well as coronary CTA scans and in our stroke programs with adoption of AI based programs, which are incorporated with facility's radiology platforms for faster decision making and improved outcomes. Similar concepts are being applied to the laboratory services, emergency department and other ancillary areas.

Sub-specialty collaborations and joint ventures: HRH has leveraged the expertise and knowledge of health care companies like Restorix to bring the best-in-class wound care to Hudson County. These partnerships provide meaningful technical expertise as well as cost effective and evidence-based care for our patients. We are constantly looking for similar partnerships with tertiary care partners to bring the most up-to-date practices to our clinical programs and, at the same time, keep the cost of the program contained while allowing for growth and sustainability.

3. On page 13 of the CN-3 Application, point 11 describes substantial investments in new equipment and technology at Bayonne Medical Center.

Provide preliminary concepts of this equipment expansion.

Peri-operative service line enhancements: Based upon preliminary review, HRH will need to invest in peri-operative equipment including Robotic platforms for Ortho/Spine cases, dedicated OR ortho beds, new OR HVAC ventilation system, mobile C-arms for radiology support in ORs to support the elective and inpatient volume. In addition, a new material management electronic inventory tracking system will need to be integrated with the EMR for inventory/billing management of supplies. Additionally, a dedicated family waiting room/space will need to be created to accommodate family members waiting for same-day surgery to be completed.

Cardiovascular service line enhancements: Bayonne Medical Center has 2 cardiac catheterization labs along with one stress test machine and one echo machine. The cath lab

equipment is over 14 years old and will require new software package upgrades and some hardware replacement as well to allow for vascular, neuro and cardiac capabilities. We plan to add another nuclear camera and a 2D echocardiogram machine in the non-invasive cardiology area to accommodate the volume that we anticipate bringing back to the hospital. Additionally, telemetry packs for the entire 2nd floor telemetry unit are aged or near end-of-life and will need to be replaced.

Radiology program enhancements: We plan to procure additional mobile C-arm units for the OR as well as for the medical/surgical floors. Current CT scans would need to be upgraded to HRH standards with the enhanced clinical packages (vascular, neuro) to allow for outpatient procedures currently performed at HRH. The existing nuclear medicine machine at BMC will also need additional enhancements to allow for new evidence-based amyloid and thallium scans which are outpatient/inpatient procedures.

Wound care program enhancements: In the past, Bayonne Medical Center had a robust wound care center with 2 HBOT chambers and engaged participation with podiatrists and vascular surgeons, which has since slowed down significantly. HRH plans to rebuild the program with investments in new clinical treatment areas on the 3rd floor, to share the existing HBOT chambers with HRH and to on-board a new team of board-certified podiatrists, vascular surgeons and general surgeons to the center.

Oncology program enhancements: HRH plans to upgrade the capabilities of the existing radiation oncology linear accelerator as well as the PET CT scans, which will allow for clinically enhanced diagnostic features, improved turnaround times and less down time. At a later point, we also plan to add additional infusion chairs to accommodate for additional elective infusion volume for iron, antibiotics, IV fluids and biologics with the immediate goal being to optimize and automate the current scheduling/charge capture process at the Center.

- 4. CarePoint Health – Bayonne Medical Center was approved as of May 10, 2024, to operationalize fifteen (15) Adult Acute Involuntary Psychiatric Beds (Closed Beds) by way of converting fifteen (15) Adult Acute Voluntary Psychiatric Beds (Open Beds). The 15 Open Beds will be taken offline, and the Hospital will have 2 years from May 10, 2024 to license the offline beds without requiring the submission of a CN application.**

If Hudson Regional Hospital, LLC is to acquire Bayonne Medical Center, confirm if it is HRH's intent to bring these fifteen (15) Adult Acute Voluntary Psychiatric Beds (Open Beds) back online before their expiry of May 10, 2026. If yes, please provide the proposed plan for reimplementing the Open Beds.

HRH intends to build and manage a comprehensive inpatient Behavioral Health and outpatient MAT program for the community. There is a significant need for the involuntary units/beds in the County, with wait times for involuntary beds in excess of 48-72 hours; the 15 Adult Acute Involuntary Beds are crucial to resolve this issue. Currently, Adult Acute Voluntary Beds are open to the community at Christ Hospital as well as at Hoboken University Medical Center; hence prior to re-implementing the 15 voluntary open beds, HRH plans to review the most

updated community needs assessment, volume/admission trends and participation from community psychiatrists and other community partners. We must be fiscally diligent and responsible for any project or service line initiative that we undertake at Bayonne Medical Center.

5. **Page 22 of the CN-3 Application lists fourteen (14) ESRD Chronic Hemodialysis Stations being offered by CarePoint Health – Bayonne Medical Center. The fourteen (14) ESRD Chronic Hemodialysis Stations were removed from Bayonne Medical Center’s License as of June 11, 2018, due to a transfer of those services to Fresenius Kidney Care Bayonne, License #25092; this was confirmed in a letter by the Department May 24, 2023.**

Resubmit page 22 of the CN-3 Application, making note those fourteen stations are not on the hospital license.

The fourteen stations are no longer on BMC’s license. A revised page 22 of the CN-3 application is attached.

6. **With the submission of this application, you have included Hudson Health System Organization Chart.**

As this application only involves the transfer of ownership of BMC, submit a post ownership chart for BMC which shall identify 100% ownership of the Facility post transfer.

Revised ownership chart is attached. Yan Moshe is 99% owner and Margarita Moshe is 1% owner for all entities shown on that chart.

7. **Be advised page 25 of the CN-3 Application includes three (3) facilities owned, operated, or managed by the Applicant.**

- a. **Identify all facilities in New Jersey and Out of State that are owned, operated, or managed, by Hudson Regional Hospitals, LLC or its members.**
- b. **Resubmit page 25 to include Hudson Regional Hospital.**

Hudson Regional Hospital has been added to the list on page 25 and the revised form is attached. These are all the facilities owned by Hudson Regional Hospitals, LLC or its members.

8. **Per the Binding Term Sheet, the Application referenced an intent to create a four (4) hospital health system, which includes Hudson Regional Hospital, Bayonne Medical Center, Christ Hospital and Hoboken University Medical Center.**

- a. **Confirm if Hudson Regional Hospitals, LLC has taken any additional steps to advance this proposal.**

As indicated in that certain joint letter from CarePoint Health Systems, Inc. and Hudson Regional Hospital dated March 19, 2024, which enclosed the CN application, at this juncture, the parties are proceeding with the transfer of ownership of Bayonne Medical Center to Hudson Regional Hospitals, LLC, subject to DOH approval. We will duly notify the DOH before proceeding with the transactions described in this question 8.

- b. **Provide a proposed plan with further information, include a timeline of the proposed plan to establish this four (4) hospital health system.**

Not applicable at this juncture.

9. **Section 2 of the Bind Term Sheet details a Management organization with the proposed four (4) hospital health system, with both CarePoint Health Systems, Inc, and Hudson Regional Hospitals, LLC possessing 50% ownership interest.**

If available, provide a copy of the management contract between CarePoint Health Systems, Inc. and Hudson Regional Hospitals, LLC.

See response to Question 8; not applicable at this juncture.

10. **Section 3 of the Binding Term Sheet details control of the proposed four (4) hospital health system.**

Provide further details on the proposed control structure.

See response to Question 8; not applicable at this juncture.

11. **Section 4 of the Binding Term Sheet details the Delaware lease litigation between CarePoint Health – Bayonne Medical Center and its landlord.**

Provide the outcome and supporting documents relating to the settlement of the Delaware lease litigation.

Pursuant to Section 7 of the Binding Term Sheet, the parties will exchange mutual releases, including as related to the Delaware lease litigation, upon the “effective date.” Pursuant to Section 5 of the Binding Term Sheet, the “effective date” will be as determined by the parties, but no later than five days after court and regulatory approvals. As such, we will provide the DOH with the information it requested shortly after the effective date has occurred.

12. Section 4 of the Binding Term Sheet details IJKG Opco will remain obligated on any base rent payments and shall promptly cure any existing base rent default by January 15, 2024.

Confirm if any existing base rent defaults have been cured.

Landlord (29 E 29 Street Holdings, LLC) has, with the consent of IJKG Opco, been collecting the base rent arrears by drawing on the line of credit. As contemplated by Section 4 of the Binding Term Sheet, the non-base rent defaults will be discharged upon the closing.

13. Section 4 of the Binding Term Agreement details if existing base rent defaults are not cured, IJKG Opco shall stipulate to a consent order lifting the temporary restraining order against drawing the line of credit.

a. Provide a copy of the temporary restraining order.

A copy is enclosed herewith.

b. If not cured, how will this base rent deficiency impact Bayonne Medical Center?

As contemplated by Section 4 of the Binding Term Sheet, any non-base rent defaults will be discharged upon the closing and any base rent deficiencies that have not been satisfied against the letter of credit will, in turn, be credited against the purchase consideration at closing. As such, there will be no impact on Bayonne Medical Center. Also, as the landlord of the premises is 29 E 29 Street Holdings, LLC, and not the applicant, the applicant will not absorb any of the losses arising from the discharging of any rent defaults.

14. Section 4 of the Binding Term Agreement details CarePoint will purchase tail insurance for IJKG opco.

Elaborate on what this insurance plan would cover and include.

Tail coverage is professional liability coverage for health care providers that extends coverage beyond their previous claims made medical malpractice insurance coverage. It protects healthcare providers when a former patient claims malpractice that took place during the healthcare provider's previous plan's coverage period.

- Cost is generally 200% of the expiring claims-made premium
- The coverage should last for as long as the statute of limitations lasts in a particular jurisdiction
- There should be an extended reporting period of at least 60 months
- There should be matching policy limits, both underlying as well as excess/umbrella coverage

- 15. Section 9 of the Binding Term Agreement details in no event shall the due diligence period exceed 30 days from the execution of the definitive documents.**

Confirm if due diligence has been completed, as well as if the parties have finalized a purchase agreement.

Due diligence has commenced. HRH will work with CarePoint Health Systems, Inc. to finalize due diligence as a pre-closing item. As evidenced by the parties' March 19, 2024 joint letter to the DOH that enclosed the CN application, the Binding Term Sheet is the purchase agreement governing the transfer of Bayonne Medical Center to Hudson Regional Hospitals, LLC.

- 16. Note that subsequent to CN approval, the applicant is required to submit CN-7 license application for the proposed Transfer of Ownership and will be required to await approval to proceed with the transfer.**

Confirm your understanding.

HRH will submit the required license application before proceeding with the transfer.

3. Service Inventory:

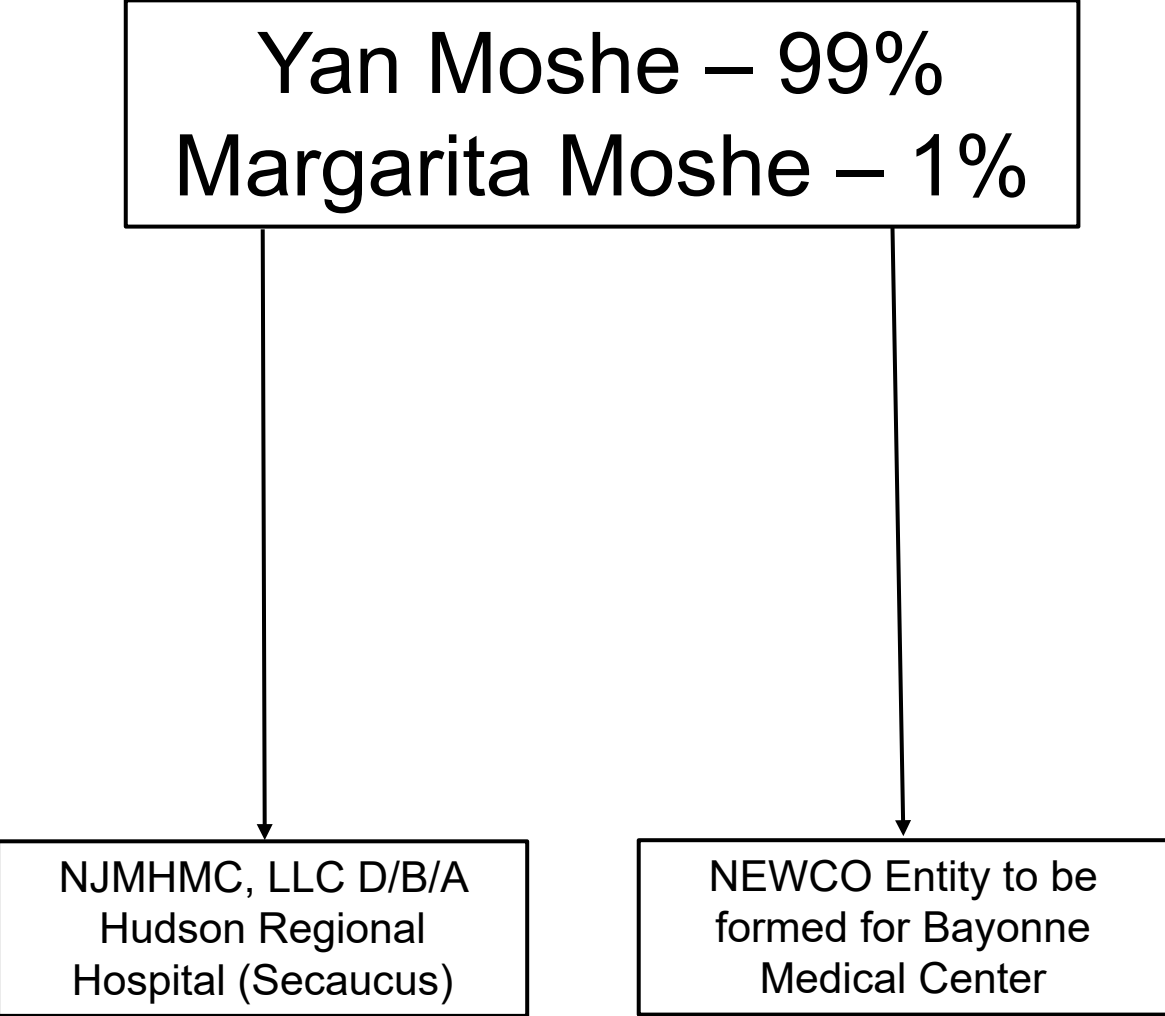
Cardiac Services	Number Existing	C/N Approved But Not Implemented	Total After Project Completion
Cardiac Diagnostic Services - Catheterization Labs - Adult	2	0	2
Cardiac Diagnostic Services - Catheterization Labs - Pediatric	0	0	0
Cardiac Diagnostic Services - E.P.S. Labs	0	0	0
Cardiac Surgery Operating Rooms	0	0	0

Renal Services	Number of Existing Stations	C/N Approved But Not Implemented	Total After Project Completion
Acute Stations	1	0	1
ESRD Chronic Hemodialysis Stations	0	0	0
Peritoneal Stations	0	0	0
Isolation Stations	0	0	0
Training Stations	0	0	0

Surgical Services	Number of Existing Operating Rooms	C/N Approved But Not Implemented	Total After Project Completion
Dedicated Inpatient Operating Rooms	6	0	6
Dedicated SDS	0	0	0
Mixed Inpatient / SDS	0	0	0
Cardiac	0	0	0

Trauma Services
<input type="checkbox"/> Level I
<input type="checkbox"/> Level II
<input checked="" type="checkbox"/> None

ORGANIZATION CHART



SCHEDULE B

Identify all licensed health care facilities, both in New Jersey and in any other state, which are owned, operated or managed by the applicant or any corporate entity related to the applicant (e.g., parent or subsidiaries). Identify the complete name of the facility, the city and state in which the facility is located, and the Medicare Provider number. If licensed out-of-state facilities are listed, please submit track record reports, for the preceding 12 months, from the respective state agencies responsible for licensing those facilities. Attach additional sheets as necessary.

Name and Address of Facility

Medicare Provider Number

Integrated Specialty ASC, LLC

190 Midland Avenue

Saddle Brook, NJ 07663

Not a Medicare provider

SurgiCare of Brooklyn, LLC

313 43rd Street

Brooklyn, NY 11232

Not a Medicare provider

Citimed Surgery Center, LLC

92-12 165th St

Jamaica, NY 11433

Not a Medicare provider

Hudson Regional Hospital

55 Meadowlands Parkway

Secaucus, NJ 07094

310118



GRANTED

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

29 E 29 STREET HOLDINGS, LLC,	:	
NJMHMC, LLC d/b/a HUDSON REGIONAL	:	
HOSPITAL, and NJBMCH, INC.,	:	
	:	
Plaintiffs,	:	
	:	
v.	:	C.A. No. 2020-0480-KSJM
	:	
IJKG OPCO, LLC, and IJKG, LLC,	:	
	:	
Defendants.	:	

STIPULATION AND ORDER MODIFYING RESTRAINTS

WHEREAS, on October 2, 2021, Defendant and Counterclaim Plaintiff IJKG Opco, LLC (“IJKG Opco”) filed its Motion for a Temporary Restraining Order (D.I. 87, 88) seeking to enjoin Plaintiff 29 E 29 Street Holdings, LLC (“29 E 29”) from drawing down on the Letter of Credit (the “Letter of Credit”) held for the benefit of 29 E 29 to secure the performance of IJKG Opco’s obligations under the Lease, dated February 4, 2011;

WHEREAS, on October 29, 2021, at the conclusion of a telephonic hearing on IJKG Opco’s Motion for a Temporary Restraining Order, this Court imposed a temporary restraining order enjoining 29 E 29 from drawing down on the Letter of Credit (D.I. 101, 102, 107);

WHEREAS, 29 E 29 has now served IJKG Opco with notices of default arising out of its failure to timely remit base rent for two consecutive months, in the

amount of \$797,137.89 per month, and, in response, IJKG Opco has not remitted the base rent due and owing on February 1, 2024;

WHEREAS, IJKG Opco has not remitted payment to the City of Bayonne for *ad valorem* real property taxes for the first quarter of 2024, in the amount of \$241,953.00 which, inclusive of statutory penalties and interest, presently amounts to \$243,736.54;

WHEREAS, IJKG Opco has informed 29 E 29 that it has no objection to drawing on the Letter of Credit to pay the base rent and accrued property taxes;

WHEREAS, the parties have conferred and agreed that this Court's injunction and restraints that preclude 29 E 29 from drawing down on the Letter of Credit, solely to cover the amounts owed for base rent and accrued property taxes, should be modified;

IT IS HEREBY STIPULATED and agreed, by 29 E 29 and IJKG Opco, through their undersigned counsel, subject to the approval of the Court, that:

1. The injunction barring 29 E 29 from drawing down on the Letter of Credit is hereby modified as set forth herein.

2. 29 E 29 is permitted to draw down on the Letter of Credit to fund IJKG Opco's base rent obligations, in the amount of \$797,137.89 per month, if not otherwise paid on the first of each month, in advance, pursuant to Article III of the Lease.

3. 29 E 29 is permitted to draw down on the Letter of Credit to make payment to the City of Bayonne for accrued and assessed *ad valorem* real property taxes, in the present amount of \$241,953.00 per quarter, plus any accrued interest and penalties, if not otherwise paid by IJKG Opco prior to the deadline prescribed by the City of Bayonne pursuant to Article 3.2 of the Lease.

4. IJKG Opco shall be required to replenish the Letter of Credit within ninety (90) days of each draw, on a rolling basis, such that the Letter of Credit is restored to its face value of \$6.8 million, and shall be further required to promptly undertake all acts and execute such documents as prescribed by the issuing financial institution that are necessary or incidental to the performance of such obligation.

HEYMAN ENERIO
GATTUSO & HIRZEL LLP

GELLERT SCALI BUSENKELL &
BROWN, LLC

/s/ Jamie L. Brown

Patricia L. Enerio (# 3728)
Jamie L. Brown (# 5551)
300 Delaware Avenue, Suite 200
Wilmington, DE 19801
(302) 472-7300

/s/ Bradley P. Lehman

Margaret F. England (# 4248)
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(302) 416-3344

*Attorneys for Plaintiff/Counterclaim
Defendant 29 E 29th Street Holdings,
LLC*

*Attorneys for Defendant/Counterclaim
Plaintiff IJKG Opco, LLC*

OF COUNSEL:

DECOTIIS, FITZPATRICK,
COLE & GIBLIN, LLP
Jeffrey D. Smith
Thomas A. Abbate
John A. Stone
61 S. Paramus Road, Suite 250
Paramus, NJ 07652
(201) 928-1100

IT IS SO ORDERED, this ____ day of February 2024.

Chancellor Kathaleen St. Jude McCormick

This document constitutes a ruling of the court and should be treated as such.

Court: DE Court of Chancery Civil Action

Judge: Kathaleen St Jude McCormick

File & Serve

Transaction ID: 72060152

Current Date: Feb 20, 2024

Case Number: 2020-0480-KSJM

Case Name: CONF ORD/29 E 29 Street Holdings LLC v. IJKG Opco, LLC

Court Authorizer: Kathaleen St Jude McCormick

/s/ Judge Kathaleen St Jude McCormick



State of New Jersey
DEPARTMENT OF HEALTH

PO BOX 358
TRENTON, N.J. 08625-0358

www.nj.gov/health

PHILIP D. MURPHY
Governor

TAHESHA L. WAY
Lt. Governor

KAITLAN BASTON, MD, MSc, DFASAM
Commissioner

June 24, 2024

VIA ELECTRONIC & FIRST-CLASS MAIL

Mohamed H. Nabulsi, Esq.
Mandelbaum Barrett PC
3 Becker Farm Road, Suite 105
Roseland, NJ 07068

Re: Hudson Regional Hospitals, LLC
CN FR # 2024-04353-09;01
Full Review – Transfer of Ownership
Completeness Questions – 2nd Set

Dear Mr. Nabulsi:

The Department of Health (Department) requires additional information for the application referenced above, which was submitted on April 1, 2024. This request is being submitted in writing in accordance with N.J.A.C. 8:33-4.5(c), which provides that “Once an application has been submitted to the Department, no subsequent submission of information shall be accepted unless specifically requested in writing by the Department.”

Enclosed please find Completeness Questions for your response from the New Jersey Health Care Facilities Financing Authority. Please respond within ten business days of receipt of this letter. To facilitate the review of your response, it is requested that your response letter be presented in a question-and-answer format (i.e., re-state each question and follow with the appropriate response). Be advised that based on a review of your responses, additional questions and/or requests may be forthcoming.

If you have any questions concerning this matter, please do not hesitate to contact me at (609) 292-6552. I can also be reached via email at Joshua.Antunes1@doh.nj.gov.

Sincerely,

Joshua Antunes
Health Systems Specialist
Certificate of Need and Healthcare Facility
Licensure Program

FULL REVIEW - COMPLETENESS QUESTIONS

NAME OF APPLICANT: Hudson Regional Hospitals, LLC
CERTIFICATE OF NEED NUMBER: CN FR # 2024-04353-09;01
NAME OF REVIEWER: Transfer of Ownership
Joshua Antunes
TELEPHONE NUMBER OF REVIEWER: (609) 292-6552
REVIEWER'S EMAIL: Joshua.Antunes1@doh.nj.gov

A Certificate of Need – Full Review (CN FR) application has been submitted for Bayonne Medical Center, with a proposed transfer of ownership from IJKG Opco LLC to Hudson Regional Hospitals, LLC (as listed on page 1 of the application). The Applicant, Hudson Regional Hospitals, LLC, is a limited liability company, and the proposed sole ownership entity of this Facility.

The following are Completeness Questions from the New Jersey Health Care Facilities Financing Authority and relate to the projected statistics and financial information provided by the applicant):

1. Please provide financials for Bayonne Medical Center specifically the 2022 audit and unaudited December 31, 2023 and March 31, 2024.
2. Please provide clarification on the discrepancy between the Project Cost amount in the Certificate of Need Application and the Cash Consideration amount in the Binding Term Sheet.
3. Please provide the financial impact #11 in Section F. Project Summary of the Certificate of Need Application as no monetary amount is listed in Section B. Project Cost 1. Capital Costs for this investment.
4. Please complete Section I. Operating Projections 1. Revenues of the Certificate of Need Application thoroughly as the missing information is needed for further calculations.

Note: Please be aware that as the CN FR application review continues, additional questions and/or requests may be forthcoming, including related to the Applicant's regulatory compliance/ track record.

Hudson Regional Hospitals, LLC
CN FR # 2024-04353-09;01
Full Review – Transfer of Ownership
Completeness Questions – 2nd Set
Page 2

Enclosure

C: A. Ventura, DOH
 T. Rommell, NJ HCFFA
 F. Troy, NJ HCFFA
 N. Kifaieh, Hudson Regional Hospital

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July 8, 2024

VIA OVERNIGHT MAIL

Mr. Joshua Antunes
Health Systems Specialist
Certificate of Need and Healthcare Facility Licensure Program
Department of Health
State of New Jersey
120 S. Stockton Street, 3rd Floor
Trenton, New Jersey 08608

**Re: Hudson Regional Hospital, LLC
FR CN# 2024-04353-09;01
Transfer of Ownership of CarePoint Health - Bayonne Medical Center
Completeness Questions – 2nd Set**

Dear Mr. Antunes:

Enclosed are the responses and attachments related to the second set of Completeness Questions for the certificate of need application from Hudson Regional Hospitals, LLC for the transfer of ownership of CarePoint Health - Bayonne Medical Center.

Should you have any questions, please feel free to contact Nizar Kifaieh, M.D. at 201-392-3200.

Very truly yours,

MANDELBAUM BARRETT PC

BY: /s/ Mohamed H. Nabulsi
Mohamed H. Nabulsi, Esq.

MHN/erl
cc: client
Enc.

**Hudson Regional Hospitals, LLC– CN FR #2024-04353-9;01
Transfer of Ownership of CarePoint Health – Bayonne Medical Center**

Responses to Completeness Questions – 2nd Set

- 1. Please provide financials for Bayonne Medical Center specifically the 2022 audit and unaudited December 31, 2023 and March 31, 2024.**

The 2022 Audit is still in process and is not expected to be completed until the end of July or mid-August. We provided the unaudited 2022 year-end statements with the original application. Attached are the unaudited statements for year-end 2023 and first quarter 2024.

- 2. Please provide clarification on the discrepancy between the Project Cost amount in the Certificate of Need Application and the Cash Consideration amount in the Binding Term Sheet.**

The \$15 million figure cited in the Term Sheet includes \$1 million in loans each to Christ Hospital and Hoboken University Medical Center in connection with the establishment of Hudson Health System. Since the creation of Hudson Health System is not the subject of this application, we have only included the \$13 million that relates to the surrender of the assets of Bayonne Medical Center to Hudson Regional Hospital.

- 3. Please provide the financial impact #11 in Section F. Project Summary of the Certificate of Need Application as no monetary amount is listed in Section B. Project Cost 1. Capital Costs for this investment.**

That section in the Project Summary references our expectation that, because of the limited expenditures on plant and equipment listed in the financial statements for several years now, we will have to make capital investments at Bayonne. However, until we have taken ownership of the hospital and have had some time to more thoroughly assess capital needs, we do not know the amount of investment required. Further, note that these expenditures are not a condition of the transfer of ownership.

- 4. Please complete Section I. Operating Projections 1. Revenues of the Certificate of Need Application thoroughly as the missing information is needed for further calculations.**

Attached is a revised Section I. Operating Projections 1. Revenues with the requested data for all years. Note that since we filed the original application, we have received year-end 2023 unaudited information for Bayonne Medical Center. Therefore, in addition to the new numbers provided we have revised the numbers for Section I. Operating Projections 2. Expenses for 2023 only.

IJKG Opco, LLC

IJKG Opco, LLC (dba Bayonne Medical Center)

IJKG Propco, LLC

Bayonne Radonc Associates LLC

**CONSOLIDATED
FINANCIAL STATEMENTS**

December 31, 2023

DRAFT

IJKG Opco, LLC (Consolidated)
d/b/a Bayonne Medical Center
Balance Sheets - Consolidated
(in thousands)

	<u>31-Dec</u> <u>2023</u>	<u>31-Dec</u> <u>2022</u>
<u>Assets</u>		
Current Assets:		
Cash and cash equivalents	\$ 850	\$ 536
Cash and cash equivalents - Restricted	7,704	7,752
Net patient accounts receivable, current portion	24,141	16,741
Investments	1,074	1,074
Due from related party	2,651	14,327
Inventory & Other assets	3,540	3,384
Prepaid expenses	466	305
Total Current Assets	<u>40,426</u>	<u>44,119</u>
Non-Current Assets:		
Net patient accounts receivable, long term portion	17,949	17,949
	<u>17,949</u>	<u>17,949</u>
Intangible assets		
Right of use assets	14,024	21,233
Property and equipment, net	3,562	2,378
Net Assets, Deferred Cost & Equipment	<u>17,586</u>	<u>23,611</u>
Total Assets	<u>\$ 75,961</u>	<u>\$ 85,679</u>
<u>Liabilities and Member's Equity</u>		
Current Liabilities:		
Lease Liability, current portion	\$ 6,740	\$ 7,372
Accounts payable and accrued expenses	41,037	20,878
Accrued Compensation	4,342	4,041
Loan payable - Capitala	6,120	3,002
Loan payable - Maple	10,068	10,068
Deferred revenue	84	299
Accrued interest payable	694	160
Due to third party, current portion	618	618
Total Current Liabilities	<u>69,703</u>	<u>46,438</u>
Long Term Liabilities:		
Lease liability less current portion	7,499	14,076
Due to Third Party, less current portion	6,181	4,934
Total Liabilities	<u>83,383</u>	<u>65,448</u>
Member's Equity:		
Member's Equity (Net)	(7,422)	20,231
Total Member's Equity	<u>(7,422)</u>	<u>20,231</u>
Total Liabilities and Member's Equity	<u>\$ 75,961</u>	<u>\$ 85,679</u>

JKG Opco, LLC (Consolidated)
d/b/a Bayonne Medical Center
Statement of Operations (unaudited)
(in thousands)

Month ended December 31, 2023						
Actual	%	Budget	%	Variance	PY-2022	%
21,717	89.37%	13,871	99.37%	7,846	11,619	91.40%
2,573	10.59%	21	0.15%	2,552	1,048	8.24%
11	0.05%	87	0.48%	(56)	45	0.35%
24,301	100.00%	13,959	100.00%	10,343	12,712	100.00%
5,194	21.38%	4,611	33.03%	584	5,588	43.96%
5,416	22.29%	7,114	50.97%	(1,698)	8,024	63.12%
246	1.01%	824	5.90%	(578)	823	6.48%
				-		
10,857	44.68%	12,549	89.90%	(1,692)	14,436	113.56%
13,444	55.32%	1,409	10.10%	12,035	(1,724)	-13.56%
-	0.00%	-	0.00%	-	-	0.00%
463	1.91%	368	2.64%	95	413	3.25%
718	2.95%	507	3.63%	211	749	5.89%
1,181	4.86%	875	6.27%	306	1,163	9.15%
12,264	50.47%	534	3.83%	11,729	(2,886)	-22.71%
650	2.67%	-	0.00%	650	-	0.00%
12,914	53.14%	534	3.83%	12,379	(2,886)	-22.71%

Operating Revenues

Net patient service revenue
Other operating revenue
Charity care

Total Revenues

Operating Expenses

Salaries and wages
Supplies/Other expenses
Employee benefits
Provision for doubtful accounts

Total Operating Expenses before Int, Depr

Operating Income / (Loss) before Int, Depr

Affiliated Interest (Income) Expense

Interest Expense
Depreciation and Amortization

Total Int, Depr

Total Operating Income / (Loss)

Income (Loss) of Non-Recurring Reserve

Net Income (Loss)

YTD Ended December 31, 2023						
Actual	%	Budget	%	Variance	PY-2022	%
125,493	94.84%	164,709	97.95%	(39,216)	140,462	86.78%
6,325	4.78%	2,650	1.58%	3,675	20,901	12.91%
499	0.38%	800	0.48%	(301)	489	0.30%
132,317	100.00%	168,159	100.00%	(35,842)	161,852	100.00%
64,839	49.00%	54,171	40.94%	10,668	66,467	50.23%
77,447	58.53%	82,446	49.03%	(4,999)	89,124	55.07%
7,706	5.82%	9,702	5.77%	(1,997)	10,221	6.32%
				-		
149,991	113.36%	146,319	87.01%	3,672	165,812	102.45%
(17,674)	-13.36%	21,840	12.99%	(39,514)	(3,960)	-2.45%
5,675	4.29%	4,419	2.63%	1,256	4,803	2.97%
7,319	5.53%	6,081	3.62%	1,238	7,494	4.63%
12,994	9.82%	10,500	6.24%	2,494	12,089	7.47%
(30,668)	-23.18%	11,340	6.74%	(42,009)	(16,049)	-9.92%
3,034	2.29%	-	0.00%	3,034	-	0.00%
(27,634)	-20.88%	11,340	6.74%	(38,975)	(16,049)	-9.92%

IJKG Opco, LLC (Consolidated)
d/b/a Bayonne Medical Center
STATEMENT OF CASH FLOWS (unaudited)
DRAFT
(in thousands)

	MTD	YTD
	December-23	December-23
	<u>IJKG Opco LLC</u>	<u>IJKG Opco LLC</u>
Cash Flows From Operating Activities:		
Income/(loss) from operations	\$ 12,914	\$ (27,634)
Adjustments to reconcile increase in net assets to cash provided by operating activities:		
Depreciation & Amortization	718	7,319
Change in operating assets and liabilities:		
(Increase)/decrease in patient accounts receivable	(13,444)	(7,400)
(Increase)/decrease in prepaid expenses and deposits	(86)	(161)
(Increase)/decrease in Due From Related Party	(167)	11,675
(Increase)/decrease in inventory and other assets	(266)	(156)
Increase/(decrease) in accounts payable, and other accrued expenses	1,853	20,159
Increase/(decrease) in Deferred Revenue	(11)	(215)
Increase/(decrease) in accrued compensation	318	303
Increase/(decrease) in accrued interest payable	130	534
Increase/(decrease) in estimated third-party payer settlements	(1,561)	1,247
<i>Net cash provided by/(used in) operating activities</i>	<u>398</u>	<u>5,671</u>
Cash Flows From Investing Activities:		
Acquisitions of property, plant, and equipment	(74)	(1,293)
<i>Net cash provided by/(used in) investing activities</i>	<u>(74)</u>	<u>(1,293)</u>
Cash Flows From Financing Activities:		
Proceeds from Financing, net of payments (Capitala)	-	3,118
Payment of Dividends	-	(20)
Repayment of capital lease obligation	(618)	(7,210)
<i>Net cash provided by/(used in) financing activities</i>	<u>(618)</u>	<u>(4,112)</u>
Net increase/(decrease) in cash and cash equivalents	(294)	267
Cash and cash equivalents at beginning of period	8,848	8,288
Cash and cash equivalents at end of period	<u>\$ 8,554</u>	<u>\$ 8,554</u>

IJKG Opc, LLC (Consolidated)
d/b/a Bayonne Medical Center
December 2023 Expense Comparison

December 2023 vs. December 2023 Budget

	<u>Dec-23 ACTUAL</u>	<u>Dec-23 BUDGET</u>	<u>Dec-23 VARIANCE</u>	<u>Dec-23 YTD ACTUAL</u>	<u>Dec-23 YTD BUDGET</u>	<u>Dec-23 YTD VARIANCE</u>
Salaries and Wages	5,102,428	4,204,463	(897,965)	57,558,548	49,504,157	8,054,391
Contract Labor	91,988	406,372	314,384	7,280,102	4,666,723	2,613,379
Salaries, Wages and Contract Labor	5,194,416	4,610,835	(583,581)	64,838,650	54,170,880	10,667,770
Policy Fringe Benefits	(81,266)	421,586	502,852	3,079,869	4,963,840	(1,883,971)
Taxes	327,427	402,424	74,997	4,625,637	4,738,216	(112,579)
Total Fringe Benefits	246,161	824,010	577,849	7,705,506	9,702,056	1,996,550
Consulting Fees/Purch Services	863,800	1,021,932	158,132	10,009,084	12,263,180	2,254,096
Billing Fees-Ensemble	56,748	255,956	199,208	2,439,005	2,784,775	345,770
Physician Related	233,937	306,604	72,667	3,595,793	3,679,242	83,449
Physician Related-Quality	936,720	1,269,859	333,139	14,239,319	13,475,627	(763,692)
Property Taxes	65,972	88,439	22,467	997,701	1,061,266	63,565
Medical Surgical Supplies	1,163,791	1,709,448	545,657	20,170,738	20,513,375	342,637
Liability and W/C Insurance	531,424	255,418	(276,006)	3,783,584	2,344,737	(1,438,847)
Rent, Maintenance, Repairs	108,865	392,378	283,513	2,289,695	4,708,535	2,418,840
Utilities	273,887	269,727	(4,160)	3,277,517	3,175,824	(101,693)
Pharmaceuticals	269,929	416,404	146,475	3,878,072	4,902,812	1,024,740
Management Fee	630,269	723,349	93,080	9,825,083	8,680,189	(1,144,894)
All Other Supply	280,668	404,708	124,040	2,941,695	4,856,499	1,914,804
Total Supplies and Other	5,416,010	7,114,221	1,698,211	77,447,286	82,446,060	4,998,774
Interest	463,015	368,241	(94,774)	5,675,133	4,418,890	(1,256,243)
Depreciation	717,817	506,739	(211,078)	7,318,690	6,080,872	(1,237,818)
Lease, Interest, Depreciation	1,180,832	874,980	(305,852)	12,993,823	10,499,762	(2,494,061)
Grand Total	12,037,419	13,424,046	1,386,627	162,985,265	156,818,758	(6,166,507)

December 2023 Actual vs. December 2022 Actual

	<u>Dec-23 ACTUAL</u>	<u>Dec-22 ACTUAL</u>	<u>2023 vs 2022 VARIANCE</u>	<u>Dec-23 YTD ACTUAL</u>	<u>Dec-22 YTD ACTUAL</u>	<u>2023 vs 2022 Variance</u>
Salaries and Wages	5,102,428	4,357,588	744,840	57,558,548	52,331,410	5,227,138
Contract Labor	91,988	1,230,881	(1,138,893)	7,280,102	14,135,264	(6,855,162)
Salaries, Wages and Contract Labor	5,194,416	5,588,469	(394,053)	64,838,650	66,466,674	(1,628,024)
Policy Fringe Benefits	(81,266)	388,740	(470,006)	3,079,869	5,435,551	(2,355,682)
Taxes	327,427	434,548	(107,121)	4,625,637	4,785,477	(159,840)
Total Fringe Benefits	246,161	823,287	(577,126)	7,705,506	10,221,028	(2,515,522)
Consulting Fees/Purch Services	863,800	893,779	(29,979)	10,009,084	10,419,054	(409,970)
Billing Fees	56,748	377,756	(321,008)	2,439,005	4,109,945	(1,670,940)
Physician Related	233,937	378,600	(144,663)	3,595,793	4,028,839	(433,046)
Physician Related-Quality	936,720	1,358,066	(421,346)	14,239,319	14,444,959	(205,640)
Property Taxes	65,972	94,885	(28,913)	997,701	1,141,030	(143,329)
Medical Surgical Supplies	1,163,791	2,575,130	(1,411,339)	20,170,738	29,817,583	(9,646,845)
Liability and W/C Insurance	531,424	337,651	193,773	3,783,584	3,099,632	683,952
Rent, Maintenance, Repairs	108,865	185,052	(76,187)	2,289,695	3,301,789	(1,012,094)
Utilities	273,887	224,615	49,272	3,277,517	2,855,306	422,211
Pharmaceuticals	269,929	457,217	(187,288)	3,878,072	2,782,594	1,095,478
Management Fee	630,269	740,678	(110,409)	9,825,083	10,406,168	(581,085)
All Other Supply	280,668	400,599	(119,931)	2,941,695	2,716,954	224,741
Total Supplies and Other	5,416,010	8,024,029	(2,608,019)	77,447,286	89,123,853	(11,676,567)
Affiliated Interest (Income) Expense	-	-	-	-	(207,654)	207,654
Interest	463,015	413,436	49,579	5,675,133	4,802,680	872,453
Depreciation	717,817	749,137	(31,320)	7,318,690	7,494,053	(175,363)
Lease, Interest, Depreciation	1,180,832	1,162,573	18,259	12,993,823	12,089,079	904,744
Grand Total	12,037,419	15,598,358	(3,560,939)	162,985,265	177,900,634	(14,915,369)

IJKG Opco, LLC (Consolidated)
dba Bayonne Medical Center
Statistics by Service and Payor
12/31/2023

December MTD 2023 Actual	December MTD 2023 Budget	December MTD 2023 Variance	December MTD 2022 Actual	December MTD 2022 Variance
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325	381	(56)	357	(32)
325	381	(56)	357	(32)
325	381	(56)	357	(32)
28	32	(4)	32	(4)
-	-	-	-	-
353	413	(60)	389	(36)

2,192	2,094	98	2,482	(290)
2,192	2,094	98	2,482	(290)
2,192	2,094	98	2,482	(290)
293	232	61	292	1
-	-	-	-	-
2,485	2,326	159	2,774	(289)

6.74	5.50	1.25	6.95	(0.21)
-	-	-	-	-
-	-	-	-	-
6.74	5.50	1.25	6.95	(0.21)
10.46	7.25	3.21	9.13	1.34
7.04	5.63	1.41	7.13	(0.09)

128	150	(22)	143	(15)
93	100	(7)	89	4
24	37	(13)	36	(12)
4	13	(9)	9	(5)
3	7	(4)	9	(6)
4	4	-	4	-
21	19	2	16	5
16	6	10	13	3
49	63	(14)	58	(9)
11	14	(3)	12	(1)
353	413	(60)	389	(36)
97%	97%		97%	
63%	61%		60%	
16%	19%		13%	
18%	17%		18%	
3%	3%		3%	

921	873	48	914	7
786	615	171	783	3
112	171	(59)	266	(154)
7	63	(56)	39	(32)
15	43	(28)	52	(37)
5	10	(5)	10	(5)
148	75	73	63	85
147	42	105	134	13
280	360	(80)	467	(187)
64	74	(10)	46	18
2,485	2,326	159	2,774	(289)
97%	97%		98%	
69%	64%		61%	
12%	16%		12%	
17%	17%		22%	
3%	3%		2%	

1,801	1,376	425	1,816	(15)
372	372	-	301	71
95	119	(24)	121	(26)
694	-	694	685	9

December YTD 2023 Actual	December YTD 2023 Budget	December YTD 2023 Variance	December YTD 2022 Actual	December YTD 2022 Variance
-----------------------------------	-----------------------------------	-------------------------------------	-----------------------------------	-------------------------------------

Discharges by Service

Medical-Surgical	4,197	4,074	123	3,773	424
Med/Surg Sub Total	4,197	4,074	123	3,773	424
Acute Subtotal	4,197	4,074	123	3,773	424
Behavioral	353	397	(44)	365	(12)
TCU	3	-	3	-	3
Total Inpatient	4,553	4,471	82	4,138	415

Patient Days by Service

Medical-Surgical	24,275	22,319	1,956	21,364	2,911
Med/Surg Sub Total	24,275	22,319	1,956	21,364	2,911
Acute Subtotal	24,275	22,319	1,956	21,364	2,911
Behavioral	3,338	2,973	365	2,802	536
TCU	44	-	-	-	44
Total Inpatient	27,657	25,292	2,321	24,166	3,491

ALOS by Service

Medical-Surgical	5.78	5.48	0.31	5.66	0.12
ICU	-	-	-	-	-
Pediatrics	-	-	-	-	-
Acute Subtotal	5.78	5.48	0.31	5.66	0.12
Behavioral	9.46	7.49	1.97	7.68	1.78
Total Inpatient	6.07	5.66	0.42	5.84	0.23

Discharges by Payor

Medicare	1,411	1,565	(154)	1,516	(105)
Medicare HMO	1,232	1,093	139	927	305
Horizon/Blue Cross	406	407	(1)	368	38
United Healthcare	70	91	(21)	55	15
Aetna	87	63	24	60	27
Cigna	46	65	(19)	41	5
Commercial/Managed Care	217	267	(50)	229	(12)
Medicaid	120	46	74	76	44
Medicaid HMO	804	665	139	689	115
Self-Pay/Charity *	160	209	(49)	177	(17)
Total Inpatient Discharges	4,553	4,471	82	4,138	415
% of Discharges (Excl.Sp/Charity)	96%	95%		96%	
% of Discharges (Medicare/Medicare HMO)	58%	59%		59%	
% of Discharges (Horizon/Comm/Man Care)	18%	20%		14%	
% of Discharges (Medicaid/Medicaid HMO)	20%	16%		18%	
% of Discharges (SP/Charity)	4%	5%		4%	

Patient Days by Payor

Medicare	8,963	9,239	(276)	8,950	13
Medicare Managed Care	8,214	6,736	1,478	6,100	2,114
Horizon/Blue Cross	1,983	1,919	64	1,845	138
United Healthcare	345	483	(138)	336	9
Aetna	482	397	85	345	137
Cigna	195	299	(104)	168	27
Commercial/Managed Care	903	1,049	(146)	843	60
Medicaid	992	332	660	723	269
Medicaid Managed Care	4,719	3,833	886	3,984	735
Self-Pay/Charity	861	1,005	(144)	872	(11)
Total Inpatient Days	27,657	25,292	2,365	24,166	3,491
% of Days (Excl.Sp/Charity)	97%	96%		96%	
% of Days (Medicare/Medicare HMO)	62%	63%		62%	
% of Days (Horizon/Comm/Man Care)	14%	16%		11%	
% of Discharges (Medicaid/Medicaid HMO)	21%	16%		19%	
% of Days (SP/Charity)	3%	4%		4%	

ER Visits	20,682	15,772	4,910	21,769	(1,087)
ER Admits	4,561	3,954	607	4,092	469
Observation	1,118	1,673	(555)	1,750	(632)
FTE	665	-	665	671	(6)

IJKG Opco, LLC

IJKG Opco, LLC (dba Bayonne Medical Center)

IJKG Propco, LLC

Bayonne Radonc Associates LLC

CONSOLIDATED

FINANCIAL STATEMENTS

March 31, 2024

DRAFT

IJKG Opco, LLC (Consolidated)
d/b/a Bayonne Medical Center
Balance Sheets - Consolidated
(in thousands)

	31-Mar 2024	31-Dec 2023
	(Unaudited)	(Unaudited)
<u>Assets</u>		
Current Assets:		
Cash and cash equivalents	\$ 555	\$ 850
Cash and cash equivalents - Restricted	5,903	7,704
Net patient accounts receivable, current portion	23,913	24,141
Investments	1,074	1,074
Due from related party	1,747	2,651
Inventory & Other assets	3,642	3,540
Prepaid expenses	435	466
Total Current Assets	37,269	40,426
Non-Current Assets:		
Net patient accounts receivable, long term portion	17,949	17,949
	<u>17,949</u>	<u>17,949</u>
Intangible assets	-	-
Right of use assets	12,677	14,024
Property and equipment, net	3,741	3,562
Net Assets, Deferred Cost & Equipment	16,418	17,586
Total Assets	\$ 71,636	\$ 75,961
<u>Liabilities and Member's Equity</u>		
Current Liabilities:		
Lease Liability, current portion	\$ 6,987	\$ 6,741
Accounts payable and accrued expenses	44,816	41,037
Accrued Compensation	6,760	4,342
Loans payable	23,512	16,188
Deferred revenue	131	270
Accrued interest payable	1,268	694
Due to third party, current portion	618	618
Total Current Liabilities	84,092	69,890
Long Term Liabilities:		
Lease liability less current portion	5,905	7,499
Due to Third Party, less current portion	6,362	6,181
Total Liabilities	96,359	83,570
Member's Equity:		
Member's Equity (Net)	(24,723)	(7,609)
Total Member's Equity	(24,723)	(7,609)
Total Liabilities and Member's Equity	\$ 71,636	\$ 75,961

IJKG Opco, LLC (Consolidated)
d/b/a Bayonne Medical Center
Statement of Operations (unaudited)
(in thousands)

Month ended March 31, 2024						
Actual	%	Budget	%	Variance	PY-2023	%
7,077	93.22%	11,700	97.88%	(4,623)	11,175	95.13%
471	6.20%	214	1.79%	257	528	4.49%
44	0.58%	40	0.33%	4	44	0.37%
7,592	100.00%	11,954	100.00%	(4,362)	11,747	100.00%
5,179	68.21%	5,051	42.25%	128	5,719	48.68%
6,148	80.99%	6,085	50.90%	63	8,653	73.66%
673	8.87%	718	6.01%	(45)	980	8.34%
-	-	-	-	-	-	-
12,001	158.07%	11,854	99.16%	147	15,352	130.69%
(4,409)	-58.07%	100	0.84%	(4,509)	(3,605)	-30.69%
-	0.00%	-	0.00%	-	-	0.00%
1,895	24.96%	486	4.06%	1,409	501	4.26%
547	7.20%	496	4.15%	51	535	4.55%
-	-	-	-	-	-	-
2,442	32.17%	982	8.22%	1,460	1,036	8.82%
(6,851)	-90.24%	(882)	-7.38%	(5,969)	(4,641)	-39.51%
-	0.00%	-	0.00%	-	-	0.00%
(6,851)	-90.24%	(882)	-7.38%	(5,969)	(4,641)	-39.51%

YTD Ended March 31, 2024							
Actual	%	Budget	%	Variance	PY-2023	%	
Operating Revenues							
Net patient service revenue	22,788	93.95%	35,100	97.88%	(12,312)	34,949	95.47%
Other operating revenue	1,329	5.48%	642	1.79%	687	1,529	4.18%
Charity care	139	0.57%	120	0.33%	19	131	0.36%
Total Revenues	24,256	100.00%	35,862	100.00%	(11,606)	36,609	100.00%
Operating Expenses							
Salaries and wages	15,190	62.62%	15,153	62.47%	37	16,763	69.11%
Supplies/Other expenses	18,144	74.80%	18,255	50.90%	(111)	23,636	64.56%
Employee benefits	2,278	9.39%	2,154	6.01%	124	2,614	7.14%
Provision for doubtful accounts	-	-	-	-	-	-	-
Total Operating Expenses before Int, Depr	35,612	146.82%	35,562	99.16%	50	43,013	117.49%
Operating Income / (Loss) before Int, Depr	(11,356)	-46.82%	300	0.84%	(11,656)	(6,404)	-17.49%
Affiliated Interest (Income) Expense	-	0.00%	-	0.00%	-	-	0.00%
Interest Expense	4,128	17.02%	1,457	4.06%	2,671	1,431	3.91%
Depreciation and Amortization	1,631	6.72%	1,489	4.15%	142	1,762	4.81%
-	-	-	-	-	-	-	-
Total Int, Depr	5,759	23.74%	2,946	8.22%	2,812	3,193	8.72%
Total Operating Income / (Loss)	(17,115)	-70.56%	(2,647)	-7.38%	(14,468)	(9,597)	-26.21%
Income (Loss) of Non-Recurring Reserve	-	0.00%	-	0.00%	-	-	0.00%
Net Income (Loss)	(17,115)	-70.56%	(2,647)	-7.38%	(14,468)	(9,597)	-26.21%

IJKG Opco, LLC (Consolidated)
d/b/a Bayonne Medical Center
STATEMENT OF CASH FLOWS (unaudited)
DRAFT
(in thousands)

	MTD March-24	YTD March-24
	<u>IJKG Opco LLC</u>	<u>IJKG Opco LLC</u>
Cash Flows From Operating Activities:		
Income/(loss) from operations	\$ (6,851)	\$ (17,115)
Adjustments to reconcile increase in net assets to cash provided by operating activities:		
Depreciation & Amortization	547	1,631
Change in operating assets and liabilities:		
(Increase)/decrease in patient accounts receivable	652	228
(Increase)/decrease in prepaid expenses and deposits	159	(3,092)
(Increase)/decrease in Due From Related Party	(381)	904
(Increase)/decrease in inventory and other assets	16	3,022
Increase/(decrease) in accounts payable, and other accrued expenses	(199)	3,779
Increase/(decrease) in Deferred Revenue	(44)	(139)
Increase/(decrease) in accrued compensation	1,326	2,416
Increase/(decrease) in accrued interest payable	196	575
Increase/(decrease) in estimated third-party payer settlements	63	181
<i>Net cash provided by/(used in) operating activities</i>	<u>(4,516)</u>	<u>(7,610)</u>
Cash Flows From Investing Activities:		
Acquisitions of property, plant, and equipment	(92)	(262)
<i>Net cash provided by/(used in) investing activities</i>	<u>(92)</u>	<u>(262)</u>
Cash Flows From Financing Activities:		
Proceeds from Financing, net of payments	4,141	7,324
Payment of Dividends	-	-
Repayment of capital lease obligation	(519)	(1,548)
<i>Net cash provided by/(used in) financing activities</i>	<u>3,622</u>	<u>5,776</u>
Net increase/(decrease) in cash and cash equivalents	(986)	(2,096)
Cash and cash equivalents at beginning of period	7,443	8,554
Cash and cash equivalents at end of period	<u><u>\$ 6,458</u></u>	<u><u>\$ 6,458</u></u>

IJKG Opco, LLC (Consolidated)
d/b/a Bayonne Medical Center
March 2024 Expense Comparison (Unaudited)

March 2024 vs. March 2024 Budget

	<u>Mar-24 ACTUAL</u>	<u>Mar-24 BUDGET</u>	<u>Mar-24 VARIANCE</u>	<u>Mar-24 YTD ACTUAL</u>	<u>Mar-24 YTD BUDGET</u>	<u>Mar-24 YTD VARIANCE</u>
Salaries and Wages	5,106,938	4,783,138	(323,800)	14,844,299	14,349,414	(494,885)
Contract Labor	71,911	267,972	196,061	345,855	803,916	458,062
Salaries, Wages and Contract Labor	5,178,849	5,051,110	(127,739)	15,190,154	15,153,330	(36,823)
Policy Fringe Benefits	225,173	311,983	86,810	947,444	935,948	(11,496)
Taxes	448,244	405,947	(42,297)	1,330,233	1,217,841	(112,392)
Total Fringe Benefits	673,416	717,930	44,513	2,277,677	2,153,789	(123,888)
Consulting Fees/Purch Services	508,291	719,685	211,394	2,279,050	2,159,056	(119,994)
Billing Fees-Ensemble	-	-	-	59,998	-	(59,998)
Physician Related	158,860	307,445	148,585	778,687	922,336	143,649
Physician Related-Quality	1,534,996	1,049,607	(485,389)	4,683,391	3,148,820	(1,534,571)
Property Taxes	80,651	86,576	5,925	227,274	259,727	32,453
Medical Surgical Supplies	648,236	1,727,824	1,079,587	2,801,571	5,183,471	2,381,900
Liability and W/C Insurance	318,104	279,768	(38,336)	1,020,363	839,305	(181,058)
Rent, Maintenance, Repairs	108,312	311,484	203,171	468,991	934,451	465,460
Utilities	213,056	271,633	58,577	576,795	814,899	238,104
Pharmaceuticals	1,026,537	238,068	(788,469)	1,509,006	714,203	(794,803)
Management Fee	1,226,523	998,120	(228,403)	2,986,999	2,994,359	7,360
All Other Supply	324,829	94,809	(230,020)	751,865	284,427	(467,438)
Total Supplies and Other	6,148,395	6,085,018	(63,377)	18,143,990	18,255,054	111,064
Interest	1,895,091	485,739	(1,409,352)	4,127,799	1,457,218	(2,670,581)
Depreciation	546,999	496,394	(50,605)	1,631,001	1,489,182	(141,819)
Lease, Interest, Depreciation	2,442,091	982,133	(1,459,957)	5,758,800	2,946,400	(2,812,400)
Grand Total	14,442,751	12,836,191	(1,606,560)	41,370,621	38,508,573	(2,862,048)

March 2024 Actual vs. March 2023 Actual

	<u>Mar-24 ACTUAL</u>	<u>Mar-23 ACTUAL</u>	<u>2024 vs 2023 VARIANCE</u>	<u>Mar-24 YTD ACTUAL</u>	<u>Mar-23 YTD ACTUAL</u>	<u>2024 vs 2023 Variance</u>
Salaries and Wages	5,106,938	4,723,298	383,640	14,844,299	13,463,359	1,380,940
Contract Labor	71,911	995,635	(923,724)	345,855	3,299,772	(2,953,918)
Salaries, Wages and Contract Labor	5,178,849	5,718,933	(540,084)	15,190,154	16,763,132	(1,572,978)
Policy Fringe Benefits	225,173	374,543	(149,371)	947,444	1,097,801	(150,357)
Taxes	448,244	605,257	(157,014)	1,330,233	1,516,113	(185,880)
Total Fringe Benefits	673,416	979,800	(306,384)	2,277,677	2,613,914	(336,236)
Consulting Fees/Purch Services	508,291	1,314,708	(806,417)	2,279,050	3,106,359	(827,309)
Billing Fees	-	10,000	(10,000)	59,998	682,191	(622,193)
Physician Related	158,860	348,098	(189,238)	778,687	1,035,517	(256,830)
Physician Related-Quality	1,534,996	1,393,901	141,095	4,683,391	4,282,896	400,496
Property Taxes	80,651	95,210	(14,559)	227,274	285,306	(58,032)
Medical Surgical Supplies	648,236	3,523,242	(2,875,005)	2,801,571	7,604,064	(4,802,494)
Liability and W/C Insurance	318,104	233,143	84,961	1,020,363	783,676	236,687
Rent, Maintenance, Repairs	108,312	259,109	(150,797)	468,991	770,667	(301,676)
Utilities	213,056	154,655	58,400	576,795	755,876	(179,082)
Pharmaceuticals	1,026,537	277,972	748,565	1,509,006	876,935	632,071
Management Fee	1,226,523	819,247	407,276	2,986,999	2,614,405	372,594
All Other Supply	324,829	223,925	100,904	751,865	838,104	(86,240)
Total Supplies and Other	6,148,395	8,653,210	(2,504,815)	18,143,990	23,635,997	(5,492,007)
Affiliated Interest (Income) Expense	-	-	-	-	-	-
Interest	1,895,091	500,805	1,394,286	4,127,799	1,431,208	2,696,591
Depreciation	546,999	535,055	11,944	1,631,001	1,761,503	(130,502)
Lease, Interest, Depreciation	2,442,091	1,035,861	1,406,230	5,758,800	3,192,711	2,566,089
Grand Total	14,442,751	16,387,804	(1,945,053)	41,370,621	46,205,754	(4,835,133)

IJK Opco, LLC (Consolidated)
dba Bayonne Medical Center
Statistics by Service and Payor
3/31/2024

March MTD 2024 Actual	March MTD 2024 Budget	March MTD 2024 Variance	March MTD 2023 Actual	March MTD 2023 Variance		March YTD 2024 Actual	March YTD 2024 Budget	March YTD 2024 Variance	March YTD 2023 Actual	March YTD 2023 Variance
288	369	(81)	420	(132)	Discharges by Service					
288	369	(81)	420	(132)	Medical-Surgical	890	1,121	(231)	1,092	(202)
288	369	(81)	420	(132)	Med/Surg Sub Total	890	1,121	(231)	1,092	(202)
38	56	(18)	27	11	Acute Subtotal	890	1,121	(231)	1,092	(202)
4	61	(57)		4	Behavioral	103	178	(75)	84	19
330	486	(156)	447	(117)	TCU	10	185	(175)	-	10
					Total Inpatient	1,003	1,484	(481)	1,176	(173)
					Patient Days by Service					
1,855	2,056	(201)	2,586	(731)	Medical-Surgical	5,759	6,244	(485)	6,892	(1,133)
1,855	2,056	(201)	2,586	(731)	Med/Surg Sub Total	5,759	6,244	(485)	6,892	(1,133)
1,855	2,056	(201)	2,586	(731)	Acute Subtotal	5,759	6,244	(485)	6,892	(1,133)
350	520	(170)	250	100	Behavioral	886	1,641	(755)	849	37
50	643	(593)		50	TCU	99	1,953	-	-	99
2,255	3,218	(963)	2,836	(581)	Total Inpatient	6,744	9,838	(1,240)	7,741	(997)
					ALOS by Service					
6.44	5.57	0.87	6.16	0.28	Medical-Surgical	6.47	5.57	0.90	6.31	0.16
-	-	-	-	-	ICU	-	-	-	-	-
-	-	-	-	-	Pediatrics	-	-	-	-	-
6.44	5.57	0.87	6.16	0.28	Acute Subtotal	6.47	5.57	0.90	6.31	0.16
9.21	9.21	0.00	9.26	(0.05)	Behavioral	8.60	9.21	(0.61)	10.11	(1.51)
6.83	6.62	0.22	6.34	0.49	Total Inpatient	6.72	6.63	0.10	6.58	0.14
					Discharges by Payor					
112	153	(41)	117	(5)	Medicare	341	467	(126)	359	(18)
79	136	(57)	109	(30)	Medicare HMO	254	415	(161)	291	(37)
26	42	(16)	43	(17)	Horizon/Blue Cross	86	129	(43)	118	(32)
5	14	(9)	5	-	United Healthcare	13	41	(28)	17	(4)
5	9	(4)	12	(7)	Aetna	15	28	(13)	30	(15)
3	4	(1)	6	(3)	Cigna	9	12	(3)	15	(6)
16	21	(5)	44	(28)	Commercial/Managed Care	49	64	(15)	81	(32)
23	5	18	5	18	Medicaid	65	17	48	20	45
47	84	(37)	90	(43)	Medicaid HMO	134	257	(123)	206	(72)
14	18	(4)	16	(2)	Self Pay/Charity *	37	55	(18)	39	(2)
330	486	(156)	447	(117)	Total Inpatient Discharges	1,003	1,484	(481)	1,176	(173)
96%	96%		96%		% of Discharges (Excl.Sp/Charity)	96%	96%		97%	
58%	60%		51%		% of Discharges (Medicare/Medicare HMO)	59%	59%		55%	
17%	19%		19%		% of Discharges (Horizon/Comm/Man Care)	17%	18%		17%	
21%	18%		21%		% of Discharges (Medicaid/Medicaid HMO)	20%	18%		19%	
4%	4%		4%		% of Discharges (SP/Charity)	4%	4%		3%	
					Patient Days by Payor					
739	1,092	(353)	856	(117)	Medicare	2,342	3,328	(986)	2,577	(235)
663	959	(296)	740	(77)	Medicare Managed Care	1,919	2,925	(1,006)	2,047	(128)
166	224	(58)	268	(102)	Horizon/Blue Cross	442	682	(240)	723	(281)
16	88	(72)	24	(8)	United Healthcare	35	267	(232)	112	(77)
52	55	(3)	64	(12)	Aetna	101	168	(67)	152	(51)
7	19	(12)	29	(22)	Cigna	23	57	(34)	76	(53)
59	101	(42)	181	(122)	Commercial/Managed Care	214	310	(96)	347	(133)
180	70	110	45	135	Medicaid	489	219	270	221	268
292	507	(215)	564	(272)	Medicaid Managed Care	983	1,562	(579)	1,269	(286)
81	104	(23)	65	16	Self-Pay/Charity	196	321	(125)	217	(21)
2,255	3,218	(963)	2,836	(581)	Total Inpatient Days	6,744	9,838	(3,094)	7,741	(997)
96%	97%		98%		% of Days (Excl.Sp/Charity)	97%	97%		97%	
62%	64%		56%		% of Days (Medicare/Medicare HMO)	63%	64%		60%	
13%	15%		16%		% of Days (Horizon/Comm/Man Care)	12%	15%		14%	
21%	18%		21%		% of Discharges (Medicaid/Medicaid HMO)	22%	18%		19%	
4%	3%		2%		% of Days (SP/Charity)	3%	3%		3%	
1,598	1,322	276	1,801	(203)	ER Visits	4,878	3,771	1,107	5,262	(384)
290	255	35	423	(133)	ER Admits	938	745	193	1,187	(249)
73		73	98	(25)	Observation	212		212	312	(100)
682		682	663	19	FTE	676		676	666	10

2. Visits

Cost Center	Current Year	Projected Year 1	Projected Year 2
Emergency Room			
Clinic			
Private Outpatient			

I. OPERATING PROJECTIONS

1. Revenues (Report in 000's):

Category	2 Most Recent Actual Years Ended (Audited)		Current Year Projection	Projected Years Ending (Through Second Year After Project Completion)			
Inpatient Services							
Outpatient Services							
Total Patient Service Revenues							
Allowance for Charity Care							
Contractual Allowances							
Net Patient Service Revenues							
Other Operating Revenues							
Total Net Operating Revenues							

2. Expenses (Report in 000's):

Category	2 Most Recent Actual Years Ended (Audited)		Current Year Projection	Projected Years Ending (Through Second Year After Project Completion)			
Salaries, Wages & Professional Fees (Including Contracted Services and Fringe Benefits)							
Interest:	////////	////////	////////	////////	////////	////////	////////
a. Current Interest							
b. Project Interest							
c. Total Interest							
Depreciation:	////////	////////	////////	////////	////////	////////	////////
a. Current Depreciation							
b. Project Depreciation							
c. Total Depreciation							
Bad Debt Provision							
Supplies and Other Expenses							
Total Operating Expenses							
Net Income From Operation							
Non-Operating Income							
Surplus (or Deficit)							