



Health Professionals and Allied Employees

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November 1, 2024

Dr. Kaitlan Baston, Commissioner  
New Jersey Department of Health  
55 North Willow Street  
Trenton, NJ 08625

**Re: Certificate of Need application for the transfer of ownership of CarePoint Health - Bayonne Medical Center to Hudson Regional Hospitals, LLC**

Dear Commissioner Baston,

On behalf of the nearly 800 nurses and health professionals working at CarePoint Bayonne Medical Center (BMC), almost all of whom are represented by HPAE, I am writing with our concerns and recommendations for conditions that we would like placed in the transfer of ownership agreement.<sup>1</sup> This is not unfamiliar territory for HPAE and its members at Bayonne Medical Center. We, unfortunately, have been in this position several times before and we appreciate your consideration of our recommendations of conditions to be contained within any approval of the application.

Our requests for conditions on the transfer of ownership to Hudson Regional Hospitals LLC are as follows:

**1. Bayonne Medical Center must remain a full-service acute care hospital for at least ten years.**

As you well know, due to its geographic constraints, the community of Bayonne needs to have a full service hospital. The traffic congestion makes it difficult to get off the peninsula in a timely manner, even for an ambulance. Serving the community since 1888, Bayonne Medical Center is crucial to the health and well-being of the city's residents. As noted by Mayor James Davis, Bayonne may be on a peninsula, but the community has an island mentality – losing its hospital would leave residents abandoned and without critical, life-saving care.<sup>2</sup> As the only acute care hospital in the city, with the next closest hospital a 20 to 45-minute drive away (or longer, dependent on traffic), Bayonne Medical Center is the figurative heartbeat of the city, and the literal heartbeat for those who seek life-saving care.

**2. The current monitor appointed by the Department must stay in place to provide continuing oversight of the hospital's financial health.**

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<sup>1</sup> HPAE represents all but the skilled maintenance staff who are represented by the Operating Engineers.

<sup>2</sup> Briana Vannozi. "In Bayonne, fears that hospital deal could mean closure of city medical center." NJTV News, interview with Mayor Jimmy Davis, 28 October 2019, [https://www.njtvonline.org/news/video/in-bayonne-fears-that-hospital-deal-could-mean-closure-of-city-medical-center/?utm\\_source=NJTV%20News&utm\\_medium=Twitter&utm\\_campaign=Vannozi&utm\\_term=Bayonne%20hospital&utm\\_content=1](https://www.njtvonline.org/news/video/in-bayonne-fears-that-hospital-deal-could-mean-closure-of-city-medical-center/?utm_source=NJTV%20News&utm_medium=Twitter&utm_campaign=Vannozi&utm_term=Bayonne%20hospital&utm_content=1)

It must be ensured that HRH management does not take financial advantage of BMC the way previous owners have, nor deny reinvestment in the infrastructure of the hospital. The original CarePoint owners bled Bayonne Medical Center dry through payments to shell corporations posing as management companies, member distributions, and administrative fees. By our conservative estimate, \$79.4 million was siphoned into the pockets of those owners.<sup>3</sup>

**3. The new owners must commit to investing at least \$50 million dollars in BMC over a five-year period for working capital and capital expenditures.**

BMC has suffered egregious harms over the years due to the lack of reinvestment in property, plant, and equipment. The current owners inherited facilities that had been financially neglected, and that in turn prevented any reinvestment in the property, plant, and equipment (PPE). Standard practice is to spend 120% of depreciation annually on PPE – the current owners spent less than 18% in 2023; prior to that according to unaudited statements nothing was spent in 2020-2022.<sup>4</sup> Between 2018 and 2019 less than 10% was spent in either year on PPE.<sup>5</sup>

**4. The land and buildings must remain under the ownership of the Hudson Regional Hospital propco, 29 E. 29<sup>th</sup> Street Holdings LLC, and not become part of a sale/leaseback plan with any other owner.**

There is no possible way that BMC, struggling as it has, can continue to pay rent on a property it previously owned. This business model sets the hospital up for failure as it incurs the unnecessary cost of rent that reaches millions of dollars each year. BMC has been struggling under this model for years; it is our expectation that it will end with the transfer of ownership. But to make that point clear, the new owners of the hospital business, Hudson Regional Hospital, must commit to maintaining its ownership of the land and buildings in perpetuity of its complete ownership of the BMC.

**5. All staff must be assured that they will remain employees and be covered by their Collective Bargaining Agreements, preserving benefits and working conditions.**

New Jersey state law requires a successor health care employer to offer employment to all current employees and to maintain negotiated contract standards for a transitional period. See NJSA § 34:11-4.15(b). The law honors the commitment that health care workers make to the communities that they serve by eliminating uncertainty for health care workers during a transfer of facility ownership.<sup>6</sup> This law is a floor, not a ceiling. It does not discourage successor employers from recognizing the workers' union and accepting and abiding by the workers' negotiated contract - even beyond a short transition period. In the case at hand, the union contract also requires any successor entity to accept the contract and honor its terms and conditions. This is true even in the case of bankruptcy, and a bankruptcy court is likely to enforce this language. In light of this, we have presented a union recognition agreement to Hudson Regional Hospital, seeking its agreement to recognize HPAE as the exclusive bargaining representative of HPAE-represented BMC workers, and to assume and honor the terms of the collective

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<sup>3</sup> Calculated from CarePoint Health Bayonne Medical Center IJG OPCO Audited Financial Statements 2014-2018. HPAE estimates that \$421.5 million was taken in the aggregate from BMC, Christ, and Hoboken University Medical Center during that period. SCI reported \$157 million during 2014-2016 in its 2019 report on CarePoint.

<sup>4</sup> CarePoint Bayonne Medical Center Unaudited Financial Statements for 2020, 2021, and 2022.

<sup>5</sup> CarePoint Bayonne Medical Center Audited Financial Statements for 2018 and 2019.

<sup>6</sup> <https://www.nj.gov/governor/news/news/562022/20220818a.shtml>

bargaining agreement, which is in effect. We have not yet received a response from HRH. We believe that it is in the best interest of BMC's continuing operation that workers receive the benefit of the union contract, and we urge the Department to require the new owner to honor the commitment made to BMC workers and foster a seamless transfer of labor relations by requiring HRH to formally recognize the Union and recognize and accept the union contract.

- 6. There must be the creation of a community advisory group to provide ongoing community input to the hospital's CEO and Board of Directors, with at least three members from the community representing labor, business and civic organizations.**

It is absolutely vital that the Bayonne community is given a seat at the table with the creation of a community advisory group that can work with hospital management on issues of concern. As noted previously, Bayonne Medical Center is the heartbeat of this geographically isolated community. The hospital has suffered harms that never should have been allowed to happen, and those harms have spilled over into the healthcare of the residents of Bayonne. Therefore, the community should become part of the oversight process, helping to keep BMC on track to best serve the needs of its patients.

- 7. A commitment by the new owners to maintain safe staff to patient ratios, with a concurrent commitment by the Department to monitor staffing levels quarterly.**

Bayonne Medical Center cannot safely and effectively care for its patients if the hospital is not staffed properly. The new owners must commit to employing enough staff to keep patients and workers safe, and not attempt to rely on skeleton crews in order to save money. We appeal to the Department to commit to quarterly inspection oversight of staffing levels for the first three years of operation after the ownership transfer.

HPAE believes the addition of the conditions above will help to prevent history repeating itself once again. Given the number of times that Bayonne Medical Center has been at the precipice of failure, it is time to forge a pathway to success. The community, workers, and patients deserve that opportunity. Thank you for taking our suggestions under consideration.

Sincerely,

Debbie White, RN  
President, HPAE

Cc: The Honorable Phil Murphy

NJ Senator McKnight

NJ Senator Mukherji



NJ Senator Stack

Assemblywoman McCann Stamato

Assemblyman Sampson

Mayor Davis – Bayonne, NJ

Mayor Fulop – Jersey City, NJ

Mayor Bhalla – Hoboken, NJ

Jeff Brown, NJDOH Deputy Commissioner

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