



March 15, 2024

Stefanie J. Mozgai
Assistant Commissioner
Division of Certificate Need and Licensing
120 S. Stockton St.
Trenton, NJ 08625

Dear Ms Mozgai:

Enclosed are related to the certificate of need application for the full review of the transfer of ownership of Bayonne Medical Center from IJKG Opco LLC to Hudson Regional Hospitals, LLC. The materials include:

- Support letter from the applicant and the seller
- CN-3 application and attachments, including a Proof of Funds Letter
- Project Narrative with attachments
- Financial projections
- Historical financial statements for both the applicant and the seller

Note that in the support letter we are requesting an expedited review of this application due to the time-sensitive nature of the transaction, as explained in more detail in the letter.

Should you have any questions please feel free to contact my office at 201-392-3200.

Sincerely,

Nizar Kifaieh, M.D.
President/Chief Executive Officer
Hudson Regional Hospital



March 19, 2024

VIA – USPS OVERNIGHT MAIL

New Jersey Department of Health
Office of Certificate of Need and Healthcare Facility Licensure
P. O. Box 358
Trenton, New Jersey 08625-0358

120 South Stockton Street, 3rd Floor
Trenton, New Jersey 08608-1832

**RE: CAREPOINT HEALTH – BAYONNE MEDICAL CENTER – FACILITY
NUMBER 10901 - TRANSFER OF OWNERSHIP**

Dear sir/madam:

As the New Jersey Department of Health (the “**DOH**”) is aware, on January 11, 2024, NJMHMC, LLC D/B/A Hudson Regional Hospital (“**HRH**”) and CarePoint Health Systems, Inc. (“**CarePoint**”) entered into that certain “Binding Term Sheet” (the “**Term Sheet**”) under which, among other things, CarePoint agreed to transfer all or substantially all of the assets of Bayonne Medical Center (“**BMC**”) to an affiliate of HRH (the “**Proposed Operator**”). The Proposed Operator is now hereby submitting to the DOH the enclosed applications and ancillary documentation (collectively, the “**Applications**”) for the transfer of ownership of BMC and certain of its affiliated facilities to Proposed Operator. As evidenced by Dr. Moulick’s signature below, CarePoint hereby consents to the aforementioned transaction and the filing of the Applications.

Thank you for your prompt attention to this matter. If you have any questions, please contact Proposed Operator’s legal counsel, Mohamed H. Nabulsi, Esq., at Mandelbaum Barrett, 3 Becker Farm Road, Suite 105, Roseland, New Jersey 07068; e-mail: Mnabulsi@mblawfirm.com; cell phone number: 973-979-1150.

[SIGNATURE PAGE FOLLOWS]

Signature page to joint letter to DOH

CAREPOINT

BY: *Achintya Moulick*
Achtiya Moulick, M.D., CEO

PROPOSED OPERATOR

BY: *Yan Moshe*
Yan Moshe, CEO

Enclosures

cc: Mohamed H. Nabulsi, Esq.
Thomas Abbate, Esq.
Lawrence G. McMichael, Esq.

Hudson Regional Hospitals, LLC
Certificate of Need Application
Transfer of Ownership
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Section I.

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- Proof of Funds Letter

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 - Inpatient Admission Origin Data for Hudson County
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 - CarePoint Organizational Chart – prior to transfer
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Section III.

- Financial Projections

Appendix

- IJKG Opco Financial Statements
 - 2021 Audited Financial Statements
 - 2022 Unaudited Financial Statements
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- HRH Financial Statements
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New Jersey Department of Health
CERTIFICATE OF NEED APPLICATIONS
FOR HOSPITAL-RELATED PROJECTS

SECTION I. GENERAL REQUIREMENTS

1. CERTIFICATE OF NEED

A. PRE-SUBMISSION

Prior to the preparation of the application materials, it is strongly recommended that the applicant discuss the proposed project with the local advisory board in the service area presently served or anticipated and staff of the New Jersey Department of Health.

B. SUBMISSION - NEW JERSEY DEPARTMENT OF HEALTH

Submit one completed application in electronic media and 35 paper copies of the application forms and all required documentation to:

Mailing Address:

New Jersey Department of Health
Office of Certificate of Need and Healthcare Facility Licensure
P. O. Box 358
Trenton, NJ 08625-0358

Overnight Services (DHL, FedEx, UPS):

New Jersey Department of Health
Office of Certificate of Need and Healthcare Facility Licensure
120 South Stockton Street, 3rd Floor
Trenton, NJ 08608-1832

C. SIGNATURE

All applications must be signed by the current Chief Administrative Officer or Board Chairman of the Hospital.

D. FILING FEE

All applications must be accompanied by a certified check, cashier's check, or money order made payable to "Treasurer, State of New Jersey." Failure to submit the appropriate fee at the time of filing may result in rejection of the application.

FEE SCHEDULE:

<u>Total Project Cost (TPC)</u>	<u>Fee Required</u>
\$1,000,000 or Less	\$7,500
Greater Than \$1,000,000	\$7,500 + 0.25% of TPC
Transfer of Ownership	\$7,500
Change in Scope or Location	\$7,500 + 0.25% of cost in excess of approved TPC, where excess is \$1,000,000 or more
C. Change in Cost	No Certificate of Need required; 0.25% of cost in excess of approved TPC, where excess is \$1,000,000 or more, shall be remitted prior to licensure

E. COMPLETENESS

1. ALL QUESTIONS REQUIRE AN ANSWER AND ALL SCHEDULES MUST BE COMPLETELY FILLED OUT.
2. Certificate of Need forms must be filed in sequential order. Do not renumber pages.
3. All exhibits must be identified as noted herein and attached to the back of the Certificate of Need Application form and referenced to the corresponding item in the appropriate section.
4. Identify each response in the narrative section by question number and respond in sequential order. All additional

supporting documentation must be attached to the back of the Certificate of Need Application form after the exhibits, in a Section titled "Appendix."

5. Only complete applications will be processed (NJAC 8:33-4.5). Failure to submit all required information and documentation and/or to follow the steps outlined herein when the Certificate of Need is filed may result in a determination that the application is incomplete and, as such, may not be accepted for processing.
6. All cost estimates for new construction and/or renovations, should be submitted in those dollars which would be needed to complete the project over the anticipated period of construction, assuming that construction was to begin at the time of your Certificate of Need submission.
7. Change in cost/scope applications shall request in writing a construction cost allowance prior to submission of the change in cost/scope application.
8. All applications must be signed and dated by the applicant, accompanied by the correct application fee, accompanied by out-of-state track records reports (if applicable), and completely and accurately filled out (i.e., no partial or unresponsive answers). APPLICATIONS NOT MEETING THESE REQUIREMENTS WILL NOT BE ACCEPTED FOR PROCESSING.

F. MODIFICATION

1. Under no circumstances may an application be modified or altered to change the number or category of inpatient beds, proposed services, equipment subject to a planning regulation, or change in site after the application submission deadline date. An applicant desiring to make such a modification or alteration shall be required to withdraw the application from the current cycle and submit a new application for the next cycle.
2. Modifications not specified in (1) above such as changes in square footage and change in cost will be permitted if such changes are in response to completeness questions from the Department and made prior to submission of the application to the review process.

2. LICENSING

Licensing manuals for hospital-based services may be obtained from the New Jersey Department of Health, Office of Certificate of Need and Healthcare Facility Licensure (609-292-5960).

3. FINANCIAL

Information with regard to financial requirements may be obtained from the New Jersey Department of Health, Office of Certificate of Need and Healthcare Facility Licensure (609-292-5960).

4. CONSTRUCTION

Information regarding construction requirements may be obtained from the New Jersey Department of Community Affairs, Division of Codes and Standards, Health Care Plan Review (609 633-8153).

**SECTION II. REQUIREMENTS FOR COMPLETION OF NARRATIVE SECTION (F AND M) OF
CERTIFICATE OF NEED APPLICATION**

1. STATE HEALTH PLANNING REQUIREMENTS

A. DESCRIPTION / PROJECT NARRATIVE

1. Provide an executive summary of the project (Section F). This shall be limited to 3 pages.
2. Describe the proposed project, in detail, and relate it to existing services such as changes in square footage, changes in equipment, deficiencies corrected, effect on length of stay, improved patient care, reduced cost, and improved patient safety.
3. Provide historical hospital volume data incorporating the last three complete calendar years preceding the date of filing the certificate of need application, as well as year-to-date data for the current year, and at a minimum include the following data components:
 - a. Inpatient admissions by licensed bed category and total hospital (exclude same day surgery);
 - b. Adjusted admissions by total hospital;
 - c. Patient days by licensed bed category and total hospital;
 - d. Outpatient visits by department or service;
 - e. Emergency room visits;
 - f. Inpatient surgical procedures;
 - g. Outpatient surgical procedures;
 - h. Same day surgery;
 - i. Same day medical admissions;
 - j. Births;
 - k. Year-to-date B-2 forms showing inpatient utilization for current year.
4. Provide an estimate of projected volume in all categories as listed in #3 above for each year inclusive from the time of application to that year which is two complete calendar years beyond estimated project completion. This estimate must be based upon historical data found in #3 above. using at a minimum, a straight-line projection and one or more of the following methodologies:
 - a. Linear regression modeling;
 - b. Constant volume;
 - c. Official county-based volume projections and market share statistics published by the Department, if available;
 - d. A methodology chosen by the applicant, but in each instance the assumptions utilized in making the projections must be clearly substantiated in the application.
5. Describe the present and anticipated need for the project in the hospital's service area using the historical and projected volume data provided in questions #3 and #4.
6. List all other institutions in your service area that provide similar services. Indicate the anticipated impact of this project on these other institutions.
7. Document the institution's past and current history in providing care to the indigent and how the proposed project will affect the applicant's ability to provide care for the indigent.
8. In the case of a reduction, elimination or relocation of a facility or service, describe the need that the population presently has for the service; as well as the extent to which that need will be met after the change, including alternative arrangements. Describe the effect of any reduction, elimination, or relocation on the ability of low income persons, racial and ethnic minorities, women, handicapped persons, and other under-served groups to obtain needed health care.

9. Identify alternative approaches to the project which were considered and demonstrate in specific terms how the option selected, relative to all other alternatives, most effectively benefits the health care system through achieving capital and operating savings, increasing access, and/or improving quality of care.
10. Efficient design is encouraged to promote significant life cycle operational cost savings. If the project involves new construction please identify operational cost savings which may result from such construction.
11. Indicate the conformance of the proposed project, if applicable, with appropriate State guidelines and regulations. In the case of regional services (e.g., cardiac diagnostic and surgical services, perinatal services, organ transplantation services, etc.) each provision of the applicable rule must be addressed.
12. Attach a map of your patient service area including the location of your institution. Identify major service areas based on patient origin studies for inpatients and/or outpatients.
13. Provide a breakdown of total project costs into costs associated with each programmatic or functional component: i.e., by service, department, medical specialty, licensed bed category, or other logical category; and by floor or unit if possible (See Schedule A).
14. The certificate of need criteria identified in N.J.A.C. 8:33-4.9 and N.J.A.C. 8:33-4.10 must be addressed.
15. Identify (by certificate of need number and project description) all previously approved certificates of need which have not been completed and indicate the current status of each project.
16. Identify (by certificate of need number) any conditions of certificate of need approval which have not been met and explain.

2. CONSTRUCTION REQUIREMENTS

- A. All cost estimates for new construction and/or renovations, should be submitted in those dollars which would be needed to complete the project over the anticipated period of construction, assuming that construction was to begin at the time of your Certificate of Need submission.
- B. Provide proposed total "building gross square footage" of new construction. Indicate building's proposed design, number of stories and construction type. (Also see "H" if multiple areas are involved.)
- C. Projects involving complete demolition of a structure(s) should indicate structure's total cubic feet, number of stories, gross square footage per floor and construction type. Identify demolition cost estimate as a separate line item.
- D. Provide total square footage of area proposed for renovations. Indicate the current or most recent use and physical layout of the space. Provide a summary description of the renovations proposed and/or required, acknowledging all applicable construction trades. (Also see "H" if multiple areas are involved.)
- E. Indicate any anticipated construction related circumstances and/or conditions (e.g., asbestos, wetlands, CAFRA, fire suppression system) that may explain your new construction and/or renovation cost estimate being over or under an average estimate. Identify the associated cost effect anticipated.
- F. Renovation projects involving asbestos abatement should provide the associated cost estimate as a separate line item, identifying the areas and total square/linear footage involved.
- G. Provide description and/or listing of equipment items inclusive of the "fixed equipment not in construction contracts" line item(s) cost estimates (See pages 4, 5 and 6).
- H. Projects with more than one department service area affected by new construction or renovations must complete Schedule A. Utilize a separate line item for each service area on a given floor/wing and for any change in use of an existing area. Square footage and construction/renovation hard cost totals of this form should reconcile with those amounts indicated on pages 1 and 2 of the Certificate of Need Application. Account for all displaced department service areas, relocations and vacated areas, even if there are no associated construction/renovation costs. (Change in cost/scope applicants are to provide update of space allocation forms previously submitted.) Indicate how this information was established.
- I. Any applicant who is proposing a vertical expansion (additional floor(s) to an existing building) shall submit a certification, from an appropriate design professional, that the existing structure/affected building shall comply with the current code requirements for increase in size (floor area and/or height) and earthquake loads.
- J. In addition to the fire suppression system(s) that may be required by the State Uniform Construction Code, the proposed scope of work shall include those systems, as appropriate, after a review of N.J.A.C. 5:23-2.4 and 2.5, and in consideration that the Uniform Fire Code State of New Jersey will require that all hospitals be fully suppressed. Installation of compliant suppression system(s) and related construction cost(s) shall be included in the proposed project.
- K. The following architectural prints shall be submitted to visually indicate the entire scope of work as described in the written

narrative:

- Site plan showing building footprint(s) (graphically differentiating existing structures to remain, those to be demolished and new construction) and compass orientation.
- Floor Plan(s)-Projects \$15 million and over:
(At 1/8" scale, single line showing door openings and windows, rooms/areas to be labeled to indicate use/service and numbered, new construction/renovation work to be graphically differentiated from existing work to remain).
- Projects under \$15 million, 1/16" scale sketch.

- L.** Change in cost/scope applications, for which the project is already under construction, must submit a copy of the signed contract with the Contractor and Architect (if not previously submitted to the New Jersey Department of Community Affairs). A copy of the most recent Contractor Requisition for Payment (Form AIA-G702) must be submitted with cost/scope application in addition to a reconciliation summary statement of same to agree with the total construction/renovation cost requested in the cost/scope application, acknowledging all incurred and anticipated change orders.
- M.** For change in cost/scope applications, applicants are to itemize and explain all construction/ renovation related cost changes (increases and/or decreases), noting those that are attributed to additional expanded project scope which were not in original Certificate of Need, those attributed to overruns (broken down as unanticipated-unforeseen and/or unanticipated due to initial underestimate) and those related to deletion of any portion of the original approved project scope.

SECTION III. REQUIRED DOCUMENTS

1. CERTIFICATE OF NEED

A. SITE OPTION/LEASE

1. If the site is optioned by the applicant, a copy of the deed held by the current owner and option agreement for the site must be submitted.
2. If the real property will be leased by the license holder, provide a copy of the deed held by the current owner and executed lease agreement or lease option.

The deed and option must include identification of the site, terms of the agreement, date of execution and signatures of all parties to the transaction.

B. MANAGEMENT AGREEMENT

If a management company will be hired, a copy of the management agreement must be submitted with the application.

2. FINANCIAL FEASIBILITY STUDY

- A. Financial feasibility study and facility planning studies must be submitted.
- B. If financial resources for the project are monies from a grant, provide the Department with a copy of the operating budget submitted with supporting pages from the grant application when the grant application was made. The status of the grant, as of the date of Certificate of Need application, must be reported on the forms.
- C. If financial resources for the project and/or monies for the operating budget are to be provided by a governmental agency, a statement indicating the intention of the agency to provide the funds must accompany the Certificate of Need application.
- D. If financial resources for the project and/or monies for the operating budget are to be a secondary responsibility of a parent or a separate corporation that has a controlling interest, a letter must accompany the Certificate of Need application stating the intention of the corporation to underwrite the financial resources and/or operating budget.
- E. Independent third-party verification of the availability of the cash equity contribution must be submitted with the application. Provide the specific source and any available documentation demonstrating the availability of the cash equity contribution. Acceptable forms of verification include letters from banks, CPA's or stockbrokers, past history of fund-raising activity, and documented pledges.
- F. For projects exceeding \$15,000,000 in cost, institutions must submit to the Department independently verified historical and projected financial and utilization information as identified in N.J.A.C. 8:33-4.10(b) (1-6). This information should be in the format required by the New Jersey Health Care Facilities Financing Authority so that only revisions to update the information will be required at the time of financing.

3. CONSTRUCTION

A construction cost and space breakdown report must be submitted with any application involving construction. The report must be in the same format as Schedule A.

**New Jersey Department of Health
APPLICATION - CERTIFICATE OF NEED
FOR HOSPITAL-RELATED PROJECTS**

Name of Hospital CarePoint Health - Bayonne Medical Center	FOR STATE USE ONLY
Street Address 29 East 29th Street	Appl. No. _____ Review Cycle _____ Type of C/N: <input type="checkbox"/> Change in Bed Capacity <input type="checkbox"/> New Health Care Service <input type="checkbox"/> Modernization/Renovation <input type="checkbox"/> Major Movable Equipment <input type="checkbox"/> Construction/Acquisition Date Received: _____
City State Zip Code Bayonne NJ 07002	
County Hudson	
Type of Hospital General Acute Care Hospital	
Name of Chief Executive Officer Nizar Kifaieh, M.D.	
Name of Contact Person Nizar Kifaieh, M.D.	
Title President/Chief Executive Officer	
Telephone Number 201-392-3200	
Official Facility Email nkifaieh@HudsonRegionalHospital.com	

- A. Project Cost:
- | | | |
|--------------------------------|-------------------|---------------------------------|
| 1. Total Capital Cost: | <u>13,000,000</u> | |
| 2. Financing Cost: | <u>0</u> | Method of Financing: <u>n/a</u> |
| 3. Total Project Cost (1 + 2): | <u>0</u> | |
| 4. Equity Contribution: | <u>13,000,000</u> | |
| 5. Construction Cost: | | |

Type	Square Feet	Construction/ Capital Lease Cost	Construction/ Capital Lease Cost Per Square Foot
New Construction	n/a		
Renovation			
Lease			

6. Will this project result in any permanent change in licensed or planning bed category or capacity of the existing facility?
 Yes No

7. Provide a brief (50 words) description of the project:
 This application involves the Transfer of Ownership of CarePoint Bayonne Medical Center (Bayonne MC) in Bayonne, Hudson County to Hudson Regional Hospitals, LLC (HRH).

B. PROJECT COST

Project costs should be submitted in those dollars which would be needed to complete the project over the anticipated period of construction if construction were to begin at the time of submission of the Certificate of Need proposal to the Department.

Do not include contingency. The Department will calculate a construction cost allowance for the project in lieu of providing a contingency factor for the time period from Certificate of Need submission to the start of construction.

1. Capital Costs		
Studies and/or Surveys	_____	
Site Survey and Soil Investigation	_____	
Architect and Engineer Fees	_____	
Legal and Other Special Services	_____	
Plans and Specifications	_____	
Demolition	_____	
Renovations	_____	
Asbestos Abatement	_____	
New Construction	_____	
Fixed Equipment Not in Construction Contracts (New Construction)	_____	
Fixed Equipment Not in Construction Contracts (Renovations)	_____	
Major Movable Equipment	_____	
Supervision and Inspection of Site and Building(s)	_____	
Purchase of Land	_____	
Purchase of Building(s)	_____	
Capital Value of Lease (true operating leases should be included in operating budget and details identified)	_____	
Developmental and/or Start-Up Costs	_____	
Department of Health Approved Construction Cost Allowance	_____	
Other (Specify) (Do NOT include contingency)	_____	
Acquisition cost	13,000,000	
_____	_____	
_____	_____	
Total Capital Costs		<u>13,000,000</u>
2. Financing Costs		
Capitalized Interest	_____	
Debt Service Reserve Fund	_____	
Other Financing Costs (Include fees assessed by any financing agency, bond counsel fees, trustees bank fees and/or other costs related to sale of bonds)	_____	
Total Financing Costs		<u>0</u>
Total Project Cost		<u>13,000,000</u>

C. PROPOSED METHOD OF FINANCING THE TOTAL PROJECT COST:

For purposes of Certificate of Need review, equity shall mean a non-operating asset contribution which will reduce the size of the total debt. It may include cash, other liquid assets, and the fair appraised market value of land owned by an applicant which is the viable site for the proposed project. A minimum of fifteen percent (15%) of the total project cost, including all financing and carrying costs, must be available in the form of equity.

1. Available Cash (include source of contribution in D-1)	\$	<u>13,000,000</u>
2. Mortgage (provide details in D-2)		_____
3. Loans (provide details in D-2)		_____
4. Capital Leases (provide details in D-2)		_____
5. Net fund raising (include documentation)		_____
6. Other (Specify)		_____
_____		_____
_____		_____
_____		_____
Total	\$	<u>13,000,000</u>

D. EQUITY CONTRIBUTION

1. Indicate source of equity contribution:

Contribution from Yan Moshe
Proof of funds letter attached

2. Mortgages/Loans/Capital Lease Agreements - Attach a copy of any mortgage, loan or capital lease agreements.

Lender/Lending Institution	Amount	Rate of Interest	Annual Payment	Maturity Date
New Construction	n/a			
Renovation				
Lease				

E. EQUIPMENT

1. Major Moveable Equipment

Qty.	Description	Addition/ Replacement	Purchase/ Lease/ Donation	Total Purchase Cost/ Donation	Annual Lease Cost
n/a					
TOTAL					

E. EQUIPMENT

2. Fixed Equipment

Qty.	Description	Addition/ Replacement	Purchase/ Lease/ Donation	Total Purchase Cost/ Donation	Annual Lease Cost
n/a					
TOTAL					

E. EQUIPMENT

3. Minor Moveable Equipment (For information purposes only; do not include in project cost.)

Qty.	Description	Addition/ Replacement	Purchase/ Lease/ Donation	Total Purchase Cost/ Donation	Annual Lease Cost
n/a					
TOTAL					

F. PROJECT SUMMARY

(A written summary of your project is required. Please do so on Pages 7 through 9 of the Certificate of Need Application form. The summary must be comprehensive and not exceed three pages.

This application involves the Transfer of Ownership of CarePoint Health-Bayonne Medical Center (Bayonne MC) in Bayonne, Hudson County. The hospital is currently owned by IJKG OPCO, LLC, a wholly owned subsidiary of IJKG, LLC, a for-profit limited liability company. All services currently offered at Bayonne MC will be continued subsequent to the Transfer of Ownership.

Specifically, this application is for the transfer of ownership of the rights of the license of IJKG OPCO, LLC, a wholly owned subsidiary of IJKG, LLC to Hudson Regional Hospitals, LLC (HRH). The principals of HRH also own Hudson Regional Hospital in Secaucus (HRHS), an acute care inpatient facility licensed at 200 beds (186 medical/surgical beds and 14 ICU beds) located on 55 Meadowlands Parkway in Secaucus, Hudson County.

Upon assumption of the hospital ownership, HRH will develop a team approach to management at Bayonne MC. This will be accomplished through individuals that have a proven track record of turning around challenged businesses such as the prior Meadowlands Hospital. Their management skills will lead the effort to achieve similar results at Bayonne Medical Center (BMC).

The business strategy is based on strong relationships with the community, physicians, employees, Unions, vendors, payers and regulators both local and at the federal level. Under HRH, Bayonne MC will implement several initiatives some of which are outlined below which are designed to stabilize and/or grow admissions at the hospital and allow Bayonne MC to meet the healthcare needs of the community for years to come:

1. HRH will commence negotiations with health insurers on contracts which, if successful, will lead to increased access to patients at Bayonne MC;
2. HRH will actively recruit new physicians to Bayonne MC and encourage physicians who previously utilized the hospital to once again utilize Bayonne MC to meet the healthcare needs of their patients. In this regard, HRH will, in conjunction with community leaders and Bayonne MC medical staff, identify those specialties, if any, that are needed at Bayonne MC and surrounding hospitals, and work with Bayonne MC medical staff to identify and recruit specialists;
3. HRH will bring operational efficiencies to Bayonne MC's emergency department which will, among other things, increase access to care for the community and decrease "wall time" (the time paramedics and EMTs are required to wait in the Emergency Department) which will allow for more patients to be seen at Bayonne MC;
4. HRH will implement a community outreach program designed to meet the primary care needs of the community so that members of the community may receive primary care in the community rather than the emergency department;
5. Introduce an owner-operator concept that has worked extremely well at HRHS. It creates a lean, quick approach to decision making. Given the healthcare hospital expertise that our team collectively has, we will be able to apply this to Bayonne MC;

F. PROJECT SUMMARY, Continued

6. Introduce our preferred vendor rates to Bayonne MC which will allow for managing cost per case and minimize waste and enhance savings for re-investments;
7. Introduce and revamp a completely new advanced peri-operative and 5-star rated musculoskeletal and surgical program at Bayonne MC which will result in an excellent addition given Bayonne MC's surgical residency program. HRHS currently has a combined number of over 100 surgeons that are currently active at HRHS;
8. Focus on growing and utilizing ancillary services such as lab, outpatient physical therapy, infusion services, wound care and radiology efficiently and provide these services to community physician practices as well as new healthcare partners in the county;
9. Apply the programmatic concepts used at HRHS to Bayonne MC starting with primary care, surgical services, Cardiology, Wound Care and other clinical services. Enhance and standardize Materials management to include contract standardization and purchasing;
10. Introduce HRHS's case management program which has resulted in a Medicare ALOS of 3.5 days and an overall ALOS of 2.5 which is better than its peer in the County;
11. HRH will make a substantial investment in new state of the art equipment and information technology which will make Bayonne MC more efficient and allow physicians, clinical staff, and support personnel to have access to the state of the art (and more efficient) equipment while delivering quality patient care to the community;
12. Address Revenue Cycle issues which have led to a decrease in Net Patient Service Revenues despite increases in volume; and
13. Reduce Consulting Fees, Management Fees, Contract Labor expense and Physician Incentive payments which are out of line with industry norms and current practices in place at HRHS.

We are certain that our successful approach at HRHS led by our enhanced executive team will have similar exceptional results at Bayonne MC. Additionally, the Board Chairman of HRH, Yan Moshe has demonstrated a commitment to the community that HRH serves and has committed several million dollars to major facility renovations as well as the acquisition of state-of-the-art equipment. Bayonne MC and the community it serves will benefit similarly to his approach at major facility improvements.

F. PROJECT SUMMARY, Continued

HRH's (formerly Meadowlands Hospital) reputation among its constituencies has also improved significantly since the 2018 change in ownership. This is the result of NJMHMC's efforts toward eliminating hostile, highly litigious relationships that existed between the previous owners with the NJDOH, payers, the community and vendors. These improved relationships have opened the door to the ability to negotiate more favorable terms, especially with the payers and vendors. The following are highlights of our performance under the new management, which demonstrate our ability to both assume ownership of a struggling facility and to allow it to thrive.

- The previous owners finished their last year of operation, December 31, 2017, with a significant Operating loss of \$6.8 million and negative EBITDA of \$1.9 million;
- Our first year of operation, December 31, 2018 resulted in a profit of \$6.5 million an almost 200% increase in the bottom line from the previous year;
- The Hospital finished its second year of operation, December 31, 2019, with a Profit in excess of \$9.0 million representing a 41% increase from 2018. Also, EBITDA increased to \$12.8 million or 39% greater than the previous year;
- HRHS has established itself as a key provider of Robotic Surgery and has established a regional reputation for Orthopedic robotic surgery through the establishment of "The Institute for Robotic Surgery". Hudson Regional Hospital has more surgical robots (4), than most tertiary care providers;
- HRHS has continued the process to upgrade its facilities to better serve its community. An additional capital expenditure for 2022-23 were more than \$8.0 million. The total commitment to improved facilities for the four years in operation as HRH are more than \$50.0 million;
- HRHS has continued to enhance the clinical service lines with the opening of state-of-the-art Cardiac Catheterization services as well as the one of its kind Coronary CT programs in 2023;
- HRHS continues to partner with high quality healthcare entities like Restorix for Wound Care Program and North Hudson Coalition for the indigent and charity care programs.
- The hospital continues to maintain in-network Agreements with every major commercial insurer;
- The hospital achieved greater collections in 2022 and 2023 and finished the year with average monthly collections of approximately \$14.7 million per month. This is a direct function of the increase in patient volumes and a robust Revenue Cycle process; and
- The Hospital finished its 5th year of operation, December 31, 2023, with a Profit in excess of \$9.1M.

The applicants have made a significant effort to engage with State regulators, community leaders, City Officials, Editorial Boards, labor representatives and State and local elected officials as well as representatives of churches, parishes, shelters, charity organizations in the preceding 3 months. The goal is to understand the state of the healthcare delivery currently and its impact on the underserved population in Bayonne as well as identify areas and opportunities which will lead to improvements in access to healthcare for this subset of our population in Bayonne.

HRH has made a commitment to maintain Bayonne MC as an acute care hospital and is committed to maintaining all beds and services currently offered by Bayonne MC. Upon Transfer of Ownership, HRH will enhance or reduce, based on the needs of the community, any services based on careful evaluation and interaction with community leaders. In addition, HRH will comply with all Federal and State administrative requirements and rules related to reporting of quality measures and patient safety. HRH will report such quality measures to the Department in timeframes set by applicable requirements. HRH will provide summary reports on the quality and safety issues to the NJ Department of Health and the Bayonne community.

G. GRANTS

Attach a copy of grant budget submitted.

Source	Amount	Current Status of Grant
TOTAL		

H. VOLUME OF ACTIVITY IN COST CENTERS RELATED TO PROJECT

1. Admissions or Cases

Routine and Emergency Service	Current Year	Projected Year 1	Projected Year 2
Medical/Surgical Admissions *	4,224	4,435	4,879
Same Day Surgery Admissions	1,219	1,280	1,408
Pediatric	0	0	0
Acute Psychiatric	355	372	410
Long-Term Psychiatric	0	0	0
Obstetric	0	0	0
Burn Unit	0	0	0
Intensive Care Unit	285	300	330
Neonatal Intensive Care	0	0	0
Coronary Care Unit	0	0	0
Newborn Nursery	0	0	0
TOTAL	6,083	6,387	7,027

*Exclude Same Day Surgery Admissions.

2. Visits

Cost Center	Current Year	Projected Year 1	Projected Year 2
Emergency Room	18,839	19,791	21,759
Clinic	3,601	3,781	4,160
Private Outpatient	0	0	0

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)				
	2022	2023		2024	2025	2026		
Inpatient Services								
Outpatient Services								
Total Patient Service Revenues								
Allowance for Charity Care								
Contractual Allowances								
Net Patient Service Revenues	141,041	113,741	170,801	187,843	215,951			
Other Operating Revenues	21,657	4,093	4,216	4,342	4,473			
Total Net Operating Revenues	162,698	117,834	175,017	192,185	220,424			

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)			
		2023	2024	2025	2026		
Salaries, Wages & Professional Fees (Including Contracted Services and Fringe Benefits)	76,665	73,203	79,772	87,357	95,701		
Interest:	////////	////////	////////	////////	////////	////////	////////
a. Current Interest	4,569	5,745	5,000	5,000	5,000		
b. Project Interest	0	0	0	0	0		
c. Total Interest	4,569	5,745	5,000	5,000	5,000		
Depreciation:	////////	////////	////////	////////	////////	////////	////////
a. Current Depreciation	8,173	7,927	8,000	8,000	8,000		
b. Project Depreciation	0	0	0	0	0		
c. Total Depreciation	8,173	7,927	8,000	8,000	8,000		
Bad Debt Provision	0	0	0	0	0		
Supplies and Other Expenses	87,650	77,796	79,346	84,669	93,024		
Total Operating Expenses	177,057	164,671	172,118	185,026	201,725		
Net Income From Operation	(14,359)	(46,837)	2,899	7,159	18,699		
Non-Operating Income	0	2,602	0	0	0		
Surplus (or Deficit)	(14,359)	(44,235)	2,899	7,159	18,699		

K. ACCESS TO SERVICES

1. Was your facility, or a portion thereof, constructed with Hill-Burton funds?

Yes No

2. Indicate the percentage of uncompensated care provided annually for inpatient and outpatient services:

a. Inpatient Mortgage (provide details in D-2) 3.5 %

b. Outpatient 3.5 %

3. What is the number of physicians with admitting privileges at your facility?

592

4. What is the number of physicians with admitting privileges who admit Medicaid patients to your facility?

44

5. Does your facility require a pre-admission deposit?

Yes No

a. If Yes, explain:

6. Clinic Services (Exclude Private Outpatient Visits):

Type	Hours/Days Per Week of Operation	Patient Visits/Week
General Medical		
Surgery		
Cardiac		
Prenatal		
Pediatric		
Psychiatric		
Post-Partum		
Other:		

L. BED AND SERVICE INVENTORIES

1. Bed Inventory:

Bed Complement	Licensed Beds	C/N Approved But Not Licensed Beds	Proposed New Beds	Proposed Decrease in Beds	Total Beds After Project Completion
Medical/Surgical	205				205
ICU/CCU	14				14
Obstetric	10				10
Pediatric	0				0
Psychiatric (All categories)	15				15
Comprehensive Rehabilitation	0				0
Long Term Care	0				0
Other:	0				0

2. Psychiatric Beds by Category:

Bed Category	Existing Beds	Increase	Decrease	Total Beds After Project Completion
Adult Open Acute	15			15
Adult Closed Acute				
Adult Closed Acute				
Adult Intermediate				
Adult Special				
Adult MICA				
Adult Geriatric				
Adult Eating Disorder				
Child and Adolescent Acute				
Child and Adolescent Intermediate				
Undesignated				
Total	15			15

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	14	0	14
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

3. Service Inventory, Continued:

Perinatal Services	Existing	Proposed
Regional Perinatal Center - Normal Newborn Bassinets	0	0
Regional Perinatal Center - Intermediate Neonatal Bassinets	0	0
Regional Perinatal Center - Intensive Neonatal Bassinets	0	0
Community Perinatal Center - Birthing Center Bassinets	0	0
Community Perinatal Center - Normal Bassinets	10	10
Community Perinatal Center - Intermediate Bassinets	0	0
Community Perinatal Center - Intensive Bassinets	0	0
Obstetric Bed Categories - LDR	0	0
Obstetric Bed Categories - LDRP	0	0
Obstetric Bed Categories - Post Partum	0	0

M. PROJECT NARRATIVE


Respond to all statements specified in Section II referenced to the corresponding items in Section II.

N. REQUIRED DOCUMENTS

Submit all required documents specified in Section III referenced to the corresponding items in Section III.

O. ASSURANCES

The applicant gives assurance that the attached statements and tables are complete and correct to the best of the applicant's knowledge and belief.

Name of Responsible Officer NIZAR KIFAIKH, MD	Title CEO
Signature 	Date 3/15/2024

SCHEDULE A

Name of Facility			Certificate of Need Number		Date		
Location (Building/Wing/Floor)	Project Description *	Current Problem Code **	Department or Service Areas		Gross Square Feet ***	Construction Cost Breakdown	Total Project Cost
			Current Use	Proposed Use			
n/a							

* Identify as New Construction (NEW), Renovation (REN), or Demolition (DEM). Following the identification of Renovations (REN), indicate the associated scope of work as Minor (MIN), Moderate (MOD), or Major (MAJ). (For example, use REN-MIN, REN-MOD, or REN-MAJ.)

** Problem Codes:
 1 - Life Safety Code Deficiencies (per NFPA 101 Life Safety Code)
 2 - Undersized/Non-Compliant Area [per current Licensure Standards and AIA Guidelines for Construction and Equipment of Hospital and Medical Facilities (current Edition in effect)]
 3 - Non-Compliant Functional Design Layout
 4 - Overall Physical Plant Age Obsolescence
 5 - Other - Specify
 6 - Uniform Fire Code, State of New Jersey

*** For new construction, provide breakdown in terms of proposed Building Gross Square Feet.

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


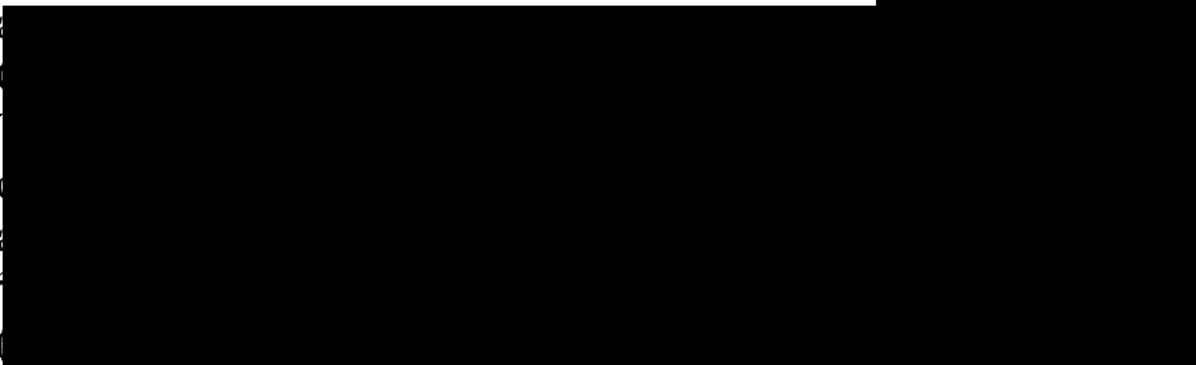
Not a Medicare provider

Binding Term Sheet

A Confidential and Privileged Settlement Document

CarePoint Health Systems, Inc., a New Jersey not-for-profit corporation, on behalf of itself and its subsidiaries and affiliates (“CarePoint”) and Hudson Regional Hospitals, LLC, a New Jersey limited liability company, on behalf of itself and its affiliates (“HRH”), collectively the “Parties,” enter into this binding term sheet to memorialize the basic terms and concepts of an alliance to create a four (4) hospital health system (the “System”) to serve the needs of Hudson County, NJ and the surrounding area, and to fully and finally resolve the disputes between them (the “Transaction”).

1. System. The System will be named Hudson Health System and will comprise (i) Hudson Regional Hospital in Secaucus (“HRHS”), (ii) Bayonne Medical Center in Bayonne (“BMC”), (iii) Christ Hospital in Jersey City (“Christ”), and (iv) Hoboken University Medical Center in Hoboken (“HUMC”).

2. Management. A new master services organization will be formed to coordinate patient services and management functions within the four hospital system (“NewMSO”) for the improvement of health care in Hudson County. 


[REDACTED]

3. Control. Consistent with the ownership of the hospitals, as described hereinafter, [REDACTED]

[REDACTED]

[REDACTED] Yan Moshe will have the title "Executive Chairman" [REDACTED]

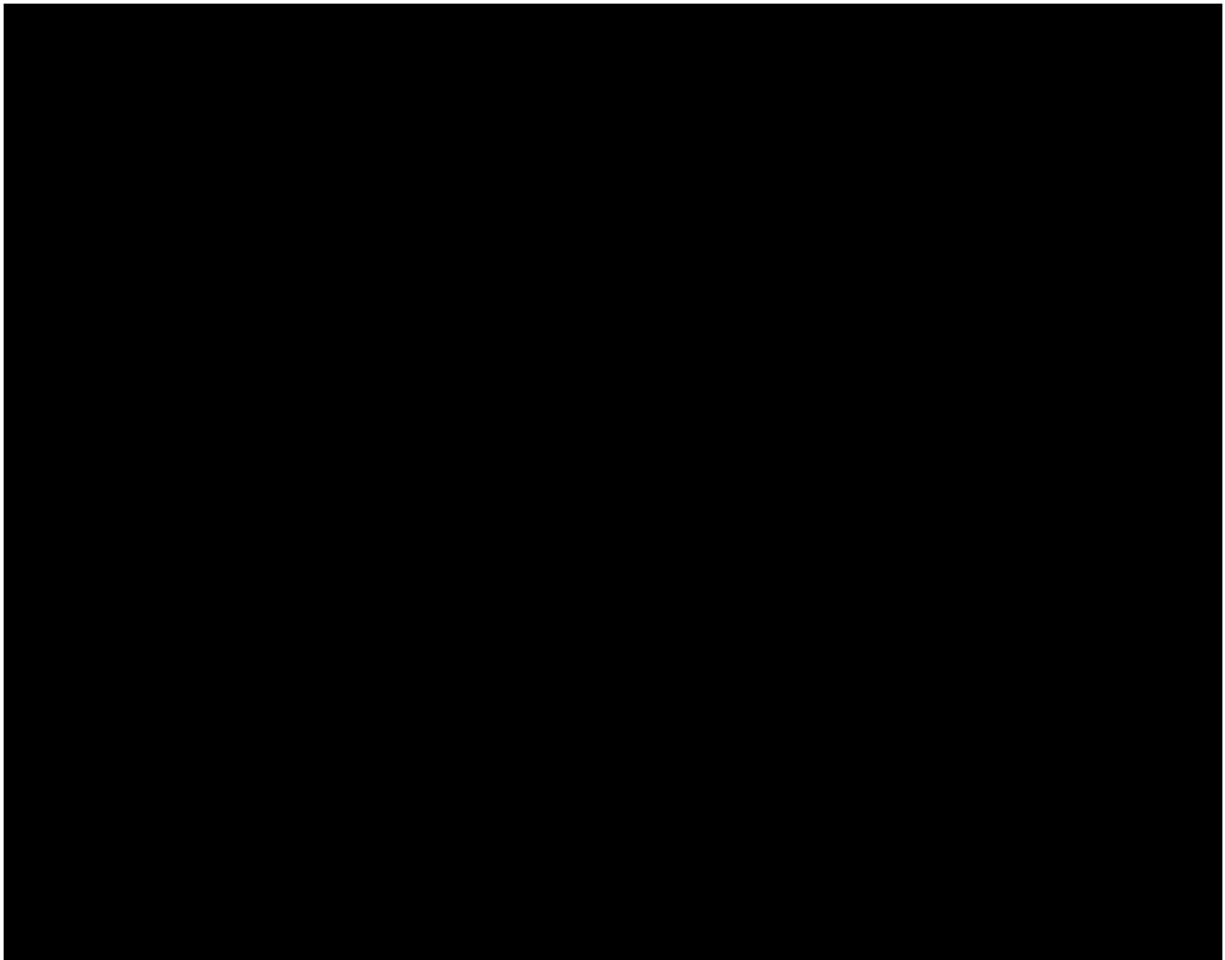
[REDACTED] Dr. Moulick will have the title "President and CEO" [REDACTED]

[REDACTED]

4. Bayonne. As part of the settlement of the Delaware lease litigation, [REDACTED]

[REDACTED]

Yur



YAM

[REDACTED]

5. Cash Consideration. Upon execution of definitive agreements, Yan Moshe or HRH will deposit into escrow

[REDACTED]

[REDACTED] On the effective date, HRH shall pay CarePoint or its designee \$ [REDACTED] inclusive of the amount in escrow. As part of the settlement and in consideration for the payment of [REDACTED] HRH will own and control 100% of Bayonne [REDACTED]

[REDACTED]

Yan

[REDACTED]



6. Branding. The System and NewMSO will operate under the new brand, Hudson Health System, developed jointly by the Parties. All branding strategies, logos, marketing or public relations materials shall be subject to the joint approval of the Parties.

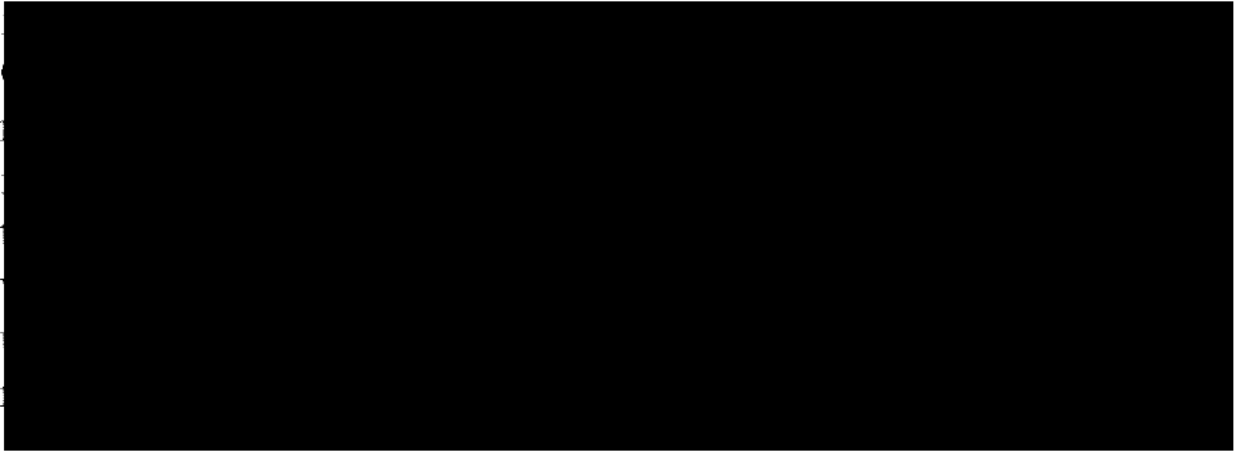
7. Releases and Settlement. On the effective date, each Party and their respective affiliates, successors and assigns, shall irrevocably and fully release, remise, acquit and discharge forever the other Party and its respective affiliates, successors, assigns, directors and representatives from, against and with respect to any claims that may have arose prior to the effective date, including, but not limited to, the Delaware Chancery Court lease litigation, and the non-disparagement litigation against Dr. Kifaieh. Yan Moshe and Dr. Moulick will exchange general releases and cross indemnities. NewMSO will obtain new D & O insurance.

8. Customary Terms. The definitive documentation to execute the proposed Transaction will contain, among other things, customary conditions, representations, covenants, warranties and indemnifications. The Parties agree to negotiate in good faith the definitive agreements and satisfaction or waiver of customary closing conditions and other conditions to be determined through due diligence, including regulatory approvals addressed in paragraph 14 below.

9. Due Diligence. The Parties agree and acknowledge that due to the nature of the Transaction, an extended due diligence period is not practicable. Therefore, upon execution of this Term

Sheet, each Party will commence a reasonable, expedited due diligence and will reasonably cooperate with the other Party in an effort to complete due diligence quickly. In no event shall the due diligence period exceed 30 days from the execution of definitive documents. The definitive documentation shall address any issues raised in due diligence.

10. Residency. The residency and fellowship programs will remain within the four hospital system and will be managed by the current residency director and program directors who will be subject to ongoing review and evaluation by the Parties 


11. Real Estate. The Parties have discussed various real estate strategies and agree to work together in good faith to determine a real estate strategy that works best for both of them,


12. Timing. The Parties intend to make a public announcement with Hudson County public officials not later than January 12, 2024.

13. Costs. CarePoint shall not be responsible for any of HRH's costs and expenses (including legal costs) incurred in connection with this Term Sheet and the proposed Transaction,



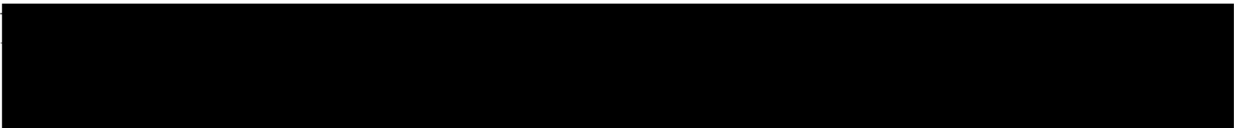
regardless of whether the Transaction is consummated. HRH shall not be responsible for any of CarePoint's costs and expenses (including legal costs) incurred in connection with this Term Sheet and the proposed Transaction, regardless of whether the Transaction is consummated.

14. Regulatory Notice and Approval. The Parties will jointly give any required notices and will jointly seek any necessary regulatory approvals (on an expedited basis) required to consummate the proposed Transaction.

15. Sale of Christ or HUMC. [REDACTED]

[REDACTED]





16. Binding Effect. The Parties intend that this term sheet shall constitute a binding obligation with respect to the basic terms of the transaction and settlement outlined herein and shall work together in good faith to agree to definitive documents and complete any other necessary conditions (such as regulatory approval) to finalize this deal.

17. Governing Law. This Term Sheet shall be governed by and interpreted under the laws of the State of New Jersey, without giving effect to any choice of law principles.

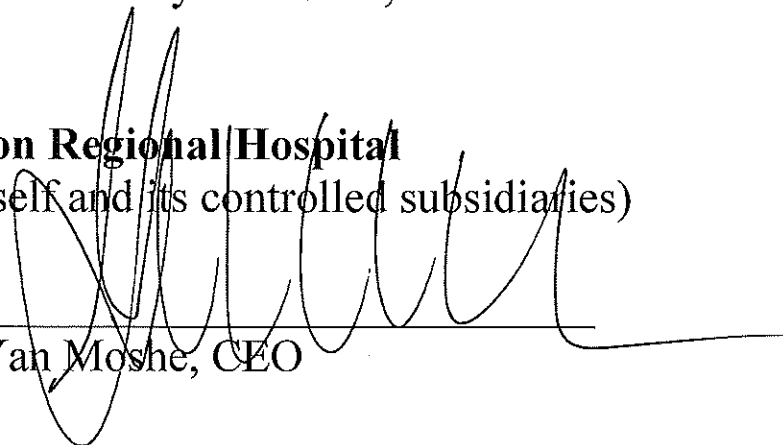
18. Counterparts. This Term Sheet may be executed in multiple counterparts all of which taken together shall constitute one executed original. This Term Sheet may be executed and delivered via facsimile, DocuSign, electronically, or .pdf transmission (which may be used in lieu of the original signature pages for all purposes).

[Remainder of page left blank intentionally]

CarePoint Health Systems, Inc.
(for itself and its controlled subsidiaries)

By: *Achintya Moulick*
Dr. Achintya Moulick, CEO

Hudson Regional Hospital
(for itself and its controlled subsidiaries)

By: 
Yan Moshe, CEO

Dated: January 11, 2024



03/14/2024

Yan Moshe
51 WHEATLEY RD
OLD WESTBURY NY 11568-1208

Re: Account Verification

Dear Mr. Moshe:

Thank you for contacting Popular Investments and for being a valued customer. This letter will serve as verification that you maintain accounts with Popular Investments and the total relationship balance of these account(s) as of 03/13/2024 is \$14,732,092.99. Should you need any other information, please do not hesitate to reach out to us. We appreciate your business and look forward to continuing to serve you.

Best Regards,

Jose Carlos Da Silva Jr.
Financial Sales Assistant

A handwritten signature in black ink, appearing to read 'Jose Carlos Da Silva Jr.', written over a horizontal line.

Popular Bank
1979 Ralph Ave
Brooklyn, NY 11234
212-417-6787

Securities and advisory services are offered through Osaic Institutions, Inc. ("Osaic Institutions"), a registered investment advisor and broker-dealer (Member FINRA / SIPC). Insurance products are offered through Osaic Institutions or by Popular Insurance Agency USA, Inc. (PIAUSA). PIAUSA, also known as PIA US Insurance Agency (PIAUS), is a wholly owned subsidiary of Popular Bank, a New York state-chartered financial institution. Osaic Institutions or its affiliates are separate entities from and are not affiliated with PIAUSA, PIAUS, Popular Investments, or Popular Bank. "Popular Investments" is a registered service mark.

Section II

Project Narrative

Hudson Regional Hospitals, LLC
Application for Transfer of Ownership of Bayonne Medical Center
Section II

1. Provide an executive summary of the project (Section F.). This shall be limited to 3 pages.

This application involves the Transfer of Ownership of CarePoint Health-Bayonne Medical Center (“Bayonne MC”) in Bayonne, Hudson County. The hospital is currently owned by IJKG OPCO, LLC, a wholly owned subsidiary of IJKG, LLC, a for-profit limited liability company.

Bayonne MC is licensed by the New Jersey Department of Health (State License #10901) as a General Acute Care Hospital. The facility is located at 29 East 29th Street in Bayonne, Hudson County. The licensed bed capacity of Bayonne MC is as follows:

<u>Service</u>	<u>Beds</u>
Medical / Surgical beds	205
ICU/CCU	14
OB/GYN	10
<u>Adult Acute Open Psych beds</u>	<u>15</u>
Total	244

In addition to the above noted bed capacity, Bayonne MC is licensed to operate 6 Inpatient Operating Rooms (OR), 2 Cardiac Catheterization labs, 2 Cystoscopy Suites, 1 MRI on-site, 1 Linear Accelerator and 2 Hyperbaric Chambers, 1 PET/CT Combined Unit, 14 Chronic Acute Hemodialysis stations and Acute Hemodialysis.

Bayonne MC is designated by the New Jersey Department of Health as a Primary Stroke Center and a Community Perinatal Center – Basic and State Angioplasty Demonstration Project.

All services currently offered at Bayonne MC will be continued subsequent to the Transfer of Ownership.

Specifically, this application is for the transfer of ownership of the rights of the license of IJKG OPCO, LLC, a wholly owned subsidiary of IJKG, LLC to Hudson Regional Hospitals, LLC (HRH). The principals of HRH also own Hudson Regional Hospital in Secaucus (HRHS), an acute care inpatient facility licensed at 200 beds (186 medical/surgical beds and 14 ICU beds) located on 55 Meadowlands Parkway in Secaucus, Hudson County.

HRH is a New Jersey for-profit corporate with the following owners:

Yan Moshe, Managing Member	99%
Margareta Moshe	1%

The owners of HRH also have the identical ownership interest in the following health care facilities:

- Hudson Regional Hospital 55 Meadowlands Parkway, Secaucus, NJ 07094
- Integrated Specialty ASC, LLC 190 Midland Avenue, Saddle Brook, NJ 07663
- SurgiCare of Brooklyn, LLC 313 43rd Street Brooklyn, NY 11232
- Citimed Surgery Center LLC 92-12 165th St., Jamaica, NY 11433

The real estate associated with Bayonne MC, located at 29 E 29th street in the City of Bayonne, is owned by 29E 29 street Holdings, LLC (“29 E 29”), a limited liability company owned and controlled by Yan Moshe, who is also the principal owner of HRH. Mr. Moshe also owns and controls the applicant and the proposed operator of Bayonne MC. We are initiating the expedited certificate of need application and review process now to prevent any disruption of operations at Bayonne MC as well as move to consolidate, enhance and support the current healthcare services in the community.

2. Describe the proposed project, in detail, and relate it to existing services such as changes in square footage, changes in equipment, deficiencies corrected, effect on length of stay, improved patient care, reduced cost and improved patient safety.

Upon assumption of the hospital ownership, HRH will develop a team approach to management at Bayonne MC. This will be accomplished through individuals that have a proven track record of turning around challenged businesses such as the prior Meadowlands Hospital. Their management skills will lead the effort to achieve similar results at Bayonne MC. The team consists of the following experienced healthcare executives:

Nizar Kifaieh, MD, CPE, MBA is the President and Chief Executive Officer of NJMHMC. Dr. Kifaieh is licensed as a physician in the State of New Jersey and Board Certified in emergency medicine. Prior to joining Hudson Regional Hospital, Dr. Kifaieh held other executive management positions, including as Executive Vice President Chief Clinical Integration Officer and EVP and Chief Medical Officer of the CarePoint Health System, as President of one of CarePoint's acute care facilities, Christ Hospital, which is owned by CarePoint Health System, the operator of the Bayonne Medical Center and as Interim Chief Executive Officer for Bayonne Medical Center itself. Dr. Kifaieh lead the systemization and integration of all three hospital facilities under one system and created the clinical, quality and population health management infrastructure for the entire system including access to care for the charity care, self-pay and undocumented patients for inpatient and outpatient services via the “neighborhood health centers”. Dr. Kifaieh also created and lead all hospital based clinical service lines across the CPH system as the CEO of Garden State Medical Associates and CarePoint Health Medical Group which contained all primary care and specialty practices. Dr. Kifaieh also created the first Clinical Integration Network (CIN) in Hudson County for CPH which focused on high quality clinical outcome and integration between primary care and hospitals. During his tenure at CarePoint, which ended at the end of 2017, the hospitals were top performers clinically and financially.

Vijayant Singh MD, MBA, FACHE, CPE is the Chief Clinical Officer and VP, Network Development for HRH. Dr. Singh is an experienced health care executive who has extensive experience both as a physician and as a healthcare leader in Hudson County and in NJ. Prior to Joining HRH, Dr. Singh has served in the role of System Chief Medical Officer for CarePoint Health System as well as was the Chief Hospital Executive for Bayonne Medical Center. During his term, BMC has completed all TJC, CMS accreditations, was recognized as top teaching hospital by leapfrog and was rated with an A score during his term. BMC under Dr. Singh built multiple new programs including joint commission accredited TC-PSC for stroke, 5-star TCU ranking, and top performing Hospital with Joint commission. In addition, Dr. Singh played an instrumental role in managing and consolidating clinical services and operations during the Covid-19 pandemic both at BMC and across the system.

John Grywalski Jr, CPA, CGMA, MBA who as a Deloitte and Touche partner led the firms National Healthcare practice and has several years of experience in the financial aspects of hospital turnarounds nationally as well as in New Jersey and who also served for five years as the BMC Board Vice Chair will serve as the Corporate CFO. Additionally, he served as the CFO of a multi hospital system.

Felicia Karsos, RN, MBA who served as the CNO of a large New Jersey System prior to joining HRH will serve as the Corporate CNO. This superior leadership team will lead the effort to integrate BMC into its healthcare system and are confident that they will achieve similar results at BMC that were achieved at HRH.

The business strategy is based on strong relationships with the community, physicians, employees, Unions, vendors, payers and regulators both local and at the federal level. Under Hudson Health LLC, Bayonne MC will implement several initiatives some of which are outlined below which are designed to stabilize and/or grow admissions at the hospital and allow Bayonne MC to meet the healthcare needs of the community for years to come:

1. HRH will commence negotiations with health insurers on contracts which, if successful, will lead to increased access to patients at Bayonne MC;
2. HRH will actively recruit new physicians to Bayonne MC and encourage physicians who previously utilized the hospital to once again utilize Bayonne MC to meet the healthcare needs of their patients. In this regard, HRH will, in conjunction with community leaders and Bayonne MC medical staff, identify those specialties, if any, that are needed at HRH and surrounding hospitals, and work with Bayonne MC medical staff to identify and recruit specialists;
3. HRH will bring operational efficiencies to Bayonne MC's emergency department which will, among other things, increase access to care for the community and decrease "wall time" (the time paramedics and EMTs are required to wait in the Emergency Department) which will allow for more patients to be seen at Bayonne MC;
4. HRH will implement a community outreach program designed to meet the primary care needs of the community so that members of the community may receive primary care in the community rather than the emergency department;
5. Introduce an owner-operator concept that has worked extremely well at HRH. It creates

a lean, quick approach to decision making. Given the healthcare hospital expertise that our team collectively has, we will be able to apply this to Bayonne MC;

6. Introduce our preferred vendor rates to Bayonne MC which will allow for managing cost per case and minimize waste and enhance savings for re-investments;
7. Introduce and revamp a completely new advanced peri-operative and 5-star rated musculoskeletal and surgical program at Bayonne MC which will result in an excellent addition given Bayonne MC's surgical residency program. HRHS currently has a combined number of over 100 surgeons that are currently active at HRHS;
8. Focus on growing and utilizing ancillary services such as lab, outpatient physical therapy, infusion services, wound care and radiology efficiently and provide these services to community physician practices as well as new healthcare partners in the county;
9. Apply the programmatic concepts used at HRHS to Bayonne MC starting with primary care, surgical services, Cardiology, Wound Care and other clinical services. Enhance and standardize Materials management to include contract standardization and purchasing;
10. Introduce HRHS's case management program which has resulted in a Medicare ALOS of 3.5 days and an overall ALOS of 2.5 which is better than its peer in the County;
11. HRH will make a substantial investment in new state of the art equipment and information technology which will make Bayonne MC more efficient and allow physicians, clinical staff, and support personnel to have access to the state of the art (and more efficient) equipment while delivering quality patient care to the community;
12. Address Revenue Cycle issues which have led to a decrease in Net Patient Service Revenues despite increases in volume; and
13. Reduce Consulting Fees, Management Fees, Contract Labor expense and Physician Incentive payments which are out of line with industry norms and current practices in place at HRHS.

We are certain that our successful approach at HRHS led by our enhanced executive team will have similar exceptional results at Bayonne MC. Additionally, the Board Chairman of HRH, Yan Moshe has demonstrated a commitment to the community that HRHS serves and has committed several million dollars to major facility renovations as well as the acquisition of state-of-the-art equipment. Bayonne MC and the community it serves will benefit similarly to his approach at major facility improvements.

Hudson Regional Hospital's (formerly Meadowlands Hospital) reputation among its constituencies has also improved significantly since the 2018 change in ownership. This is the result of NJMHC's efforts toward eliminating hostile, highly litigious relationships that existed between the previous owners with the NJDOH, payers, the community and vendors. These improved relationships have opened the door to the ability to negotiate more favorable terms, especially with the payers and vendors. The following are highlights of our performance under the new management, which demonstrate our ability to both assume ownership of a struggling facility and to allow it to thrive.

- The previous owners finished their last year of operation, December 31, 2017, with a significant Operating loss of \$6.8 million and negative EBITDA of \$1.9 million;
- Our first year of operation, December 31, 2018 resulted in a profit of \$6.5 million an almost

200% increase in the bottom line from the previous year;

- The Hospital finished its second year of operation, December 31, 2019, with a Profit in excess of \$9.0 million representing a 41% increase from 2018. Also, EBITDA increased to \$12.8 million or 39% greater than the previous year;
- HRHS has established itself as a key provider of Robotic Surgery and has established a regional reputation for Orthopedic robotic surgery through the establishment of "The Institute for Robotic Surgery". Hudson Regional Hospital has more surgical robots (4), than most tertiary care providers;
- HRHS has continued the process to upgrade its facilities to better serve its community. An additional capital expenditure for 2022-23 were more than \$8.0 million. The total commitment to improved facilities for the four years in operation as HRHS are more than \$50.0 million;
- HRHS has continued to enhance the clinical service lines with the opening of state-of-the-art Cardiac Catheterization services as well as the one of its kind Coronary CT programs in 2023;
- HRHS Continues to partner with high quality healthcare entities like Restorix for Wound Care Program and North Hudson Coalition for the indigent and charity care programs.
- The hospital continues to maintain in-network Agreements with every major commercial insurer;
- The hospital achieved greater collections in 2022 and 2023 and finished the year with average monthly collections of approximately \$14.7 million per month. This is a direct function of the increase in patient volumes and a robust Revenue Cycle process; and.
- The Hospital finished its 5th year of operation, December 31, 2023, with a Profit in excess of \$9.1M.

The applicants have made a significant effort to engage with State regulators, community leaders, City Officials, Editorial Boards, labor representatives and State and local elected officials as well as representatives of churches, parishes, shelters, charity organizations in the preceding 3 months. The goal is to understand the state of the healthcare delivery currently and its impact on the underserved population in Bayonne as well as identify areas and opportunities which will lead to improvements in access to healthcare for this subset of our population in Bayonne.

HRH has made a commitment to maintain Bayonne MC as an acute care hospital and is committed to maintaining all beds and services currently offered by Bayonne MC. Upon Transfer of Ownership, HRH will enhance or reduce, based on the needs of the community, any services based on careful evaluation and interaction with community leaders. In addition, HRH will comply with all Federal and State administrative requirements and rules related to reporting of quality measures and patient safety. HRH will report such quality measures to the Department in timeframes set by applicable requirements. HRH will provide summary reports on the quality and safety issues to the NJ Department of Health and the Bayonne community.

3. Provide historical hospital volume data incorporating the last three complete calendar years preceding the date of filing the certificate of need application, as well as year-to-date data for the current year, and at a minimum include the following data components:

- a. Inpatient admissions by licensed bed category and total hospital (exclude same day**

- surgery);
- b. Adjusted admissions by total hospital;**
- c. Patient days by licensed bed category and total hospital;**
- d. Outpatient visits by department or service;**
- e. Emergency room visits;**
- f. Inpatient surgical procedures;**
- g. Outpatient surgical procedures;**
- h. Same day surgery;**
- i. Same day medical admissions;**
- j. Births;**
- k. Year-to-date B-2 forms showing inpatient utilization for current year.**

Historical volume for Bayonne MC is provided in Section I H.1 and H.2. in the application and B-2 forms dating back to 03/31/21 are attached.

4. Provide an estimate of projected volume in all categories as listed in #3 above for each year inclusive from the time of application to that year which is two complete calendar years beyond estimated project completion. This estimate must be based upon historical data found in #3 above. using at a minimum, a straight-line projection and one or more of the following methodologies:

- a. Linear regression modeling;**
- b. Constant volume;**
- c. Official county-based volume projections and market share statistics published by the Department, if available;**
- d. A methodology chosen by the applicant, but in each instance the assumptions utilized in making the projections must be clearly substantiated in the application.**

Projected volume is provided with the financial projections in Section III. The rationale for these assumptions is included with the projections.

5. Describe the present and anticipated need for the project in the hospital's service area using the historical and projected volume data provided in questions #3 and #4.

The present and future need for the hospital is discussed in Project Narrative sections that discuss enhancing service line capabilities and improving access to care for the community. These sections highlight the current supply and demand in the service area as well as trends that indicate increasing needs in the area.

6. List all other institutions in your service area that provide similar services. Indicate the anticipated impact of this project on these other institutions.

Hospital	Distance to BMC	Drive time (low traffic hours)	Licensed Beds

Jersey City Medical Center	6.1 miles	15 minutes	275
CarePoint - Christ Hospital	6.9 miles	15 minutes	337
CarePoint - Hoboken UMC	7.6 miles	20 minutes	278
HMH - Palisades	11.8 miles	30 minutes	202
Hudson Regional Hospital	14.8 miles	23 minutes	200

The proposed transfer to a new operator, as opposed to closure of Bayonne MC, will preserve appropriate access to inpatient acute care services for the community. Based on location and market share data, Jersey City Medical Center (JCMC) is the dominant provider of acute care services in the primary service area of Bayonne MC. Currently at 72% occupancy (according to 9/30/23 B-2 filing), JCMC does not have the capacity to absorb the patient load if Bayonne MC were to close.

7. Document the institution's past and current history in providing care to the indigent and how the proposed project will affect the applicant's ability to provide care for the indigent.

HRHS has a policy regarding indigent care attesting to one level of care regardless of ability to pay. HRHS currently partners with North Hudson Coalition to provide care to the uninsured, underinsured and indigent population in Hudson County. In addition, HRHS has a strong and collaborative relationship with the various post-acute networks, FQHC and area shelters to address challenges with homelessness, community support and financial deprivation. HRHS has an EMTALA policy that staff follow which states patients are triaged and receive a medical screening exam prior to requesting insurance information. The facility provides 52 meals daily to residents of Secaucus who are in need. This community service has been in place since new ownership. HRHS participates with county health fairs providing free screening for blood glucose, blood pressure and health information in Hudson County and surrounding areas. Additionally, HRHS provides community education on CPR and stroke as well as other health related topics including but not limited to free breast cancer, colon cancer and cervical cancer screenings and free continuing education for first responders and EMS workers to mention a few. There will be no impact on indigent care and existing policies after the transfer of ownership. There will be no reduction or elimination of services because of this project at this time. Upon Transfer of Ownership, Bayonne MC will assess the needs of the community and may add services or reduce, depending on the needs.

8. In the case of a reduction, elimination or relocation of a facility or service, describe the need that the population presently has for the service; as well as the extent to which that need will be met after the change, including alternative arrangements. Describe the effect of any reduction, elimination, or relocation on the ability of low-income persons, racial and ethnic minorities, women, handicapped persons, and other under-served groups to obtain needed health care.

No reduction, elimination or relocation of services proposed. Upon Transfer of Ownership, HRH will assess the needs of the community and may add services or reduce, depending on the needs.

9. Identify alternative approaches to the project which were considered and demonstrate in specific terms how the option selected, relative to all other alternatives, most effectively benefits the health care system through achieving capital and operating savings, increasing access, and/or improving quality of care.

The applicant carefully and thoroughly examined the available options to Bayonne MC before deciding to proceed with the Transfer of Ownership. HRH does not intend to downsize services or reduce availability of any service currently provided at the hospital. HRH believes the successful completion of this transfer of ownership will preserve the current level of health care services in the Bayonne area by an experienced Hudson County team of professionals.

HRH, following the transfer of ownership, will continue to offer the same services, to the extent possible, that are currently licensed at the facility and all equipment and services necessary to operate the hospital are specified in the asset purchase agreement. Future adjustments will be based on an assessment of the health care needs of the region with expansion of identified gaps in service and elimination of duplicated services. Factors that will be part of the assessment process will include the impact of the Accountable Care Act and historical outmigration from the primary service area that could be served at HRH.

This transfer of ownership is the least disruptive alternative to maintaining the current level of care and services in the Bayonne service area. This transfer of ownership, as opposed to closure of the hospital, will preserve access to health care services for the community, including the medically indigent and medically underserved populations. The stability offered to the community by the HRH team far outweighs the alternative of reduction or elimination of inpatient services or an unplanned closure.

10. Efficient design is encouraged to promote significant life cycle operational cost savings. If the project involves new construction, please identify operational cost savings which may result from such construction.

No new construction

11. Indicate the conformance of the proposed project, if applicable, with appropriate State guidelines and regulations. In the case of regional services (e.g., cardiac diagnostic and surgical services, perinatal services, organ transplantation services, etc.) each provision of the applicable rule must be addressed.

Not applicable

12. Attach a map of your patient service area including the location of your institution. Identify major service areas based on patient origin studies for inpatients and/or outpatients.

Service area and patient origin information is included in Exhibits to the Project Narrative

13. Provide a breakdown of total project costs into costs associated with each programmatic or functional component: i.e., by service, department, medical specialty, licensed bed category, or other logical category; and by floor or unit if possible (See Schedule A).

Not applicable as this is simply an acquisition of an existing hospital.

14. The certificate of need criteria identified in N.J.A.C 8:33-4.9 and N.J.A.C. 8:33-4.10 must be addressed.

The availability of facilities or services which may serve as alternatives or substitutes

As discussed above, the most likely alternative for residents of Bayonne would be Jersey City Medical Center, which does not have the capacity to absorb the patient load of Bayonne MC.

The need for special equipment

Not applicable

The adequacy of financial resources and sources of present and future revenues

HRHS is financially sound and has sufficient liquidity to meet all of its current and future obligations. As of 12/31/23, HRHS had \$1.5 million in cash and cash equivalents and total member's equity of \$82.0 million. As demonstrated in the projections, Bayonne MC will become profitable within the year. The Proof of Funds Letter submitted with the application demonstrates that HRH has sufficient funds to complete the transaction.

The availability of sufficient manpower in the several professional disciplines

No significant change in staffing is expected at Bayonne MC so there will be no need to recruit additional staff. As the hospital is located in the New York metropolitan area, we believe that it will have access to a strong labor pool should additional resources be required.

Other applicable requirements which are specified in any health planning rule adopted by the Department

Not applicable

Promote access to low income persons, racial and ethnic minorities, women, disabled persons, the elderly and persons with HIV infections and other person who are unable to obtain care.

The hospital is a key provider in the community of Bayonne. It serves a large majority of the underserved population as well as the Medicare population in Bayonne. In addition to the traditional services of an acute care hospital serving the community, the hospital has a neighborhood health center specifically focused on meeting the primary care access needs of an underserved population as well as a preventative alternative to the emergency room. The Center provides both primary care and behavioral health services to indigent, uninsured and charity care patients.

In terms of public transportation options, the hospital is located in between 2 Light Rail stations that are an 8-13 minute walk away (22nd St and 34th St). It is on the #81 route with a multiple bus stops located at Ave C and 28th St and Ave C and 30th St. An additional bus route (#119) stops nearby at JFK Blvd and 30th St. The hospital also has transportation options available via Lyft for established patients with appropriate need, in compliance with regulations regarding patient transportation.

As noted in the Project Narrative, HRH will continue to offer all existing services and is committed to improving access for underserved populations. For example, increasing the number of primary care physicians will offer new access points to care for those who have difficulty getting treatment.

Demonstrate that the proposed project will maintain or enhance quality of care, can be financially accomplished and maintained, and licensed in accordance with applicable licensure regulations, how it shall address otherwise unmet needs in the planning region; that it shall not have an adverse impact on access to health care services; and that project volume is reasonable.

HRH, as an experienced acute care provider with a well demonstrated history of implementation of successful operational strategies in Hudson County, will improve care provided to the patients in the service area. HRH will have the benefit of the economies resulting from the regional experience of the HRHS team. HRH will, in conjunction with Bayonne and Hudson County community leaders and medical staff, identify those specialties, if any, that are needed at HRH and surrounding hospitals, and work with Bayonne MC's medical staff to identify and recruit specialists. HRH will bring operational efficiencies to Bayonne MC's emergency department which will, among other things, increase access to care for the community and decrease "wall time" (the time paramedics and EMTs are required to wait in the Emergency Department) which will allow for efficient patient care to be seen at HRH. HRH will implement a community outreach program designed to meet the primary care needs of the community so that members of the community may receive primary care in the community rather than the emergency department.

The management expertise provided by the HRHS team at Bayonne will help to control expenses, improve efficiencies, and integrate care at Bayonne. New acquisitions by HRH will also provide an opportunity to share services, coordinate administrative functions and coordinate joint services

throughout the greater Hudson County service area.

This acquisition by HRH will also offer reliable access to a more financially secure facility in the service area and ultimately benefit the existing providers in the greater service region.

HRH is financially sound and has sufficient liquidity to meet its current and future obligations.

Finally, far from having an adverse impact on access, this transfer of ownership will preserve access to care by providing the management and financial resources to ensure that the hospital does not close.

Demonstrate character and competence, quality of care and an acceptable track record of past and current compliance with State licensure requirements, applicable Federal requirements and State certificate of need requirements

HRHS has no track record violations and is up-to-date on required reporting and inspections. In addition, for several years now, hospital management has had monthly calls with state health officials to review financial and operating performance as well as discuss current issues at the hospital. Track record information for the out-of-state facilities has been requested.

15. Identify (by certificate of need number and project description) all previously approved certificates of need which have not been completed and indicate the current status of each project.

- Psychiatry Closed Beds – Involuntary Unit = CN # ER 2017-0510;03 (Original CN# FR 2017-0510; 01)
 - DCA has received new architectural plans, and we are pending their review.
 - Extension of Time – 15 Closed Psychiatric Beds
 - Expiration Date: June 30, 2024
- TCU Re-opening – License is active for 17 Beds, License #406100
 - Deficiency Free DOH survey for Quality of Life and Quality of Care
 - One Life Safety Code (LSC) deficiency, K351. Currently, under review at CMS for waiver consideration
 - Pending: Metrofire is completing sprinkler plans and then submitting to DCA
 - Deadline: May 8, 2024

16. Identify (by certificate of need number) any conditions of certificate of need approval which have not been met and explain.

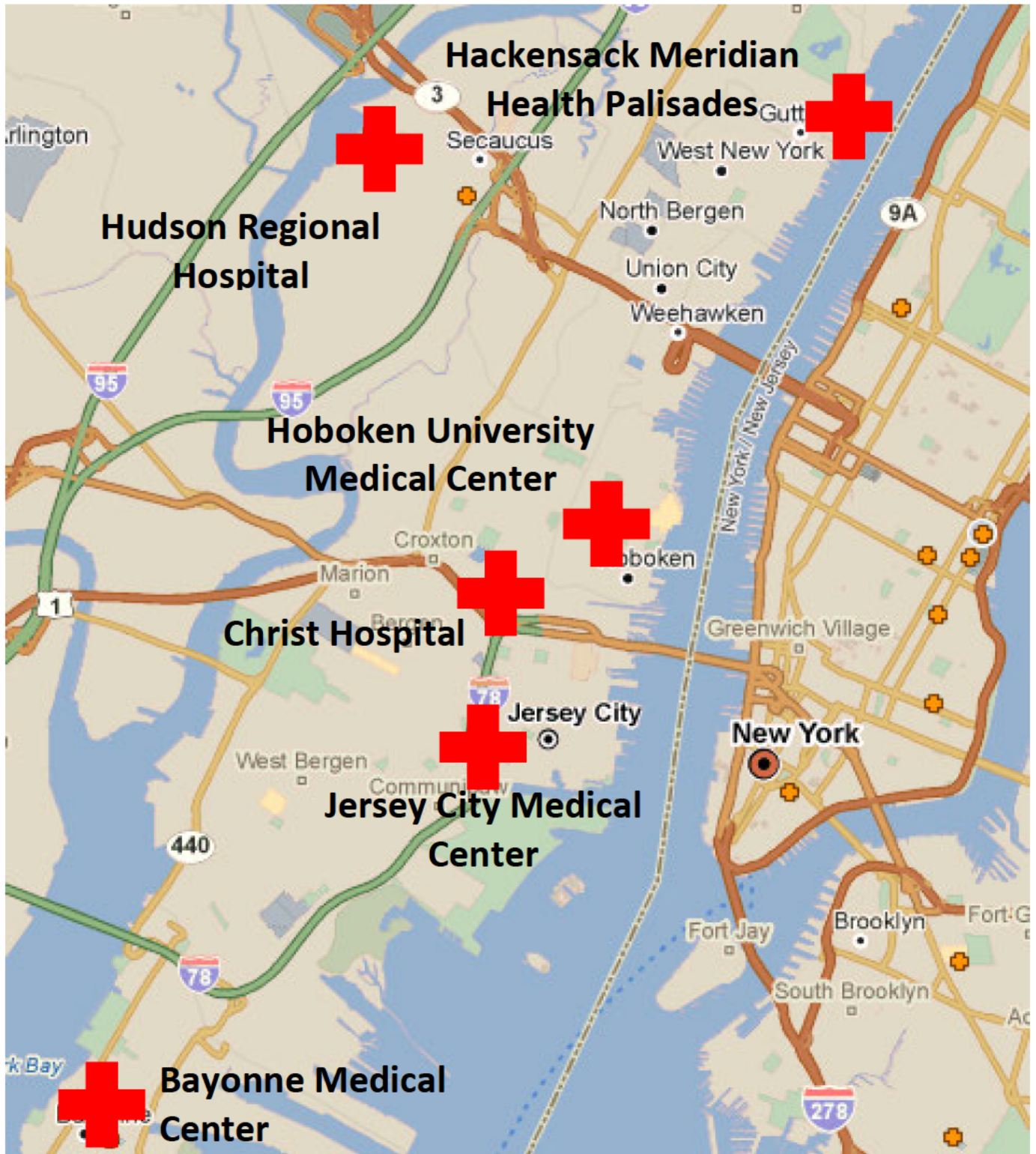
None

Patient Origin Data for Hudson County

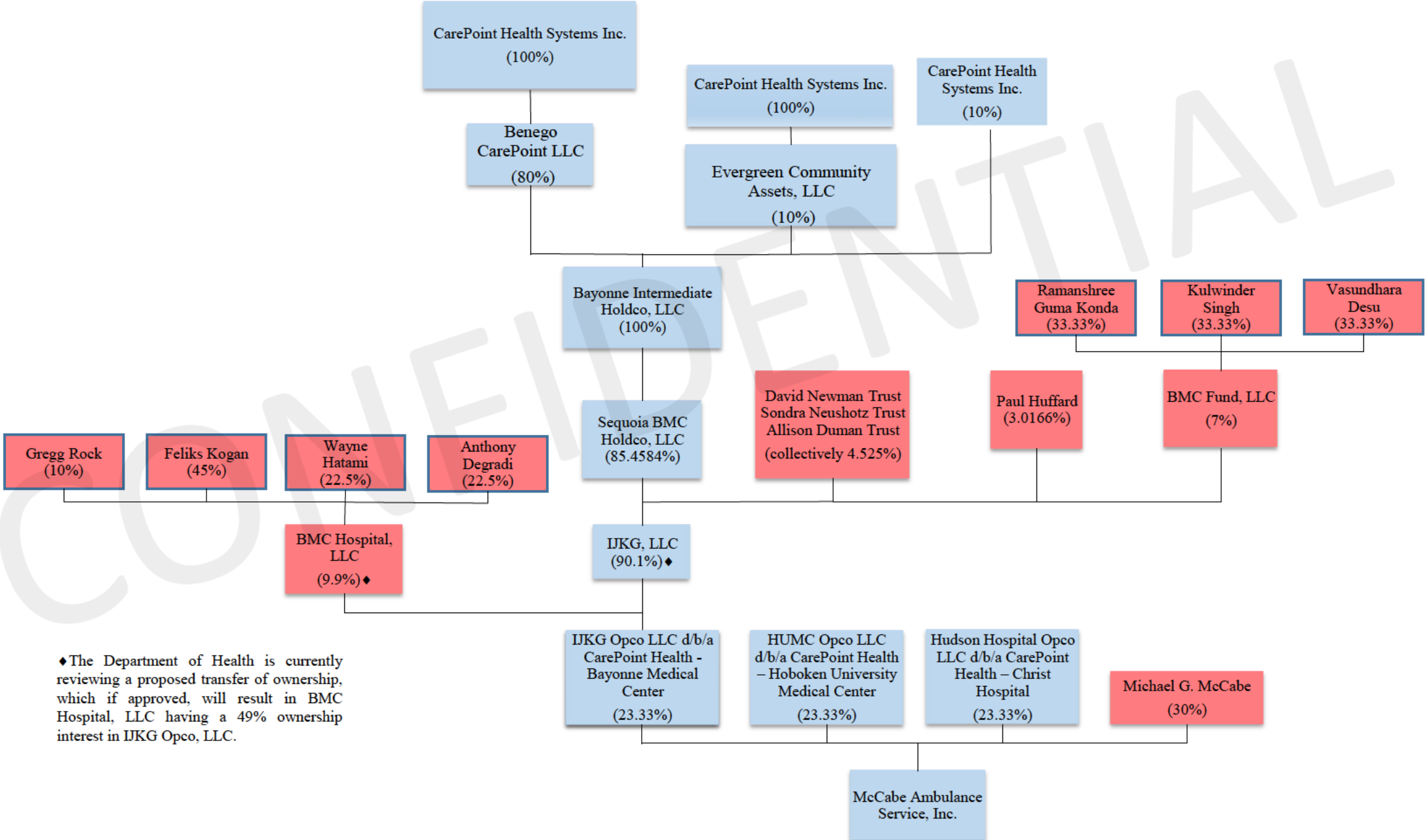
Hospital	2019			2020		
	Hudson County Zipcode IP Discharges	Total IP Discharges	%Hudson County IP Discharges	Hudson County Zipcode IP Discharges	Total IP Discharges	%Hudson County IP Discharges
Jersey City Medical Center	12,659	13,780	91.9%	12,238	13,283	92.1%
CarePoint Health - Christ Hospital	7,142	8,110	88.1%	4,931	5,634	87.5%
Palisades Medical Center	7,020	8,368	83.9%	6,274	7,526	83.4%
Hackensack University Medical Center	5,822	40,392	14.4%	5,145	36,765	14.0%
Hoboken University Medical Center	4,636	5,234	88.6%	4,182	4,640	90.1%
Bayonne Medical Center	4,475	4,675	95.7%	3,749	3,925	95.5%
Englewood Hospital and Medical Center	2,709	17,829	15.2%	2,903	16,984	17.1%
St. Barnabas Medical Center	1,864	32,857	5.7%	1,895	31,251	6.1%
Holy Name Hospital	1,845	13,785	13.4%	1,716	11,659	14.7%
Clara Maass Medical Center	1,393	13,008	10.7%	1,507	12,599	12.0%
Hudson Regional	1,273	2,623	48.5%	921	2,013	45.8%
Jersey City Medical Center Psych	1,057	1,191	88.7%	936	1,104	84.8%
Newark Beth Israel Medical Center	1,053	20,614	5.1%	845	16,881	5.0%
University Hospital	1,032	15,861	6.5%	859	15,405	5.6%
Saint Mary - Hoboken Psych Unit	911	1,394	65.4%	714	1,175	60.8%
St. Joseph's - Paterson	776	24,505	3.2%	598	21,567	2.8%
St. Michael's Medical Center	671	7,470	9.0%	544	5,665	9.6%
Morristown Memorial Hospital	482	41,597	1.2%	553	38,566	1.4%
Overlook Hospital	439	23,329	1.9%	481	20,930	2.3%
RWJ University Hospital	259	30,706	0.8%	208	28,248	0.7%

Hospital	2021			2022		
	Hudson County Zipcode IP Discharges	Total IP Discharges	%Hudson County IP Discharges	Hudson County Zipcode IP Discharges	Total IP Discharges	%Hudson County IP Discharges
Jersey City Medical Center	13,762	14,961	92.0%	13,616	14,826	91.8%
CarePoint Health - Christ Hospital	4,636	5,479	84.6%	4,267	5,087	83.9%
Palisades Medical Center	6,129	7,397	82.9%	6,152	7,602	80.9%
Hackensack University Medical Center	5,369	39,978	13.4%	5,320	39,915	13.3%
Hoboken University Medical Center	4,054	4,494	90.2%	3,620	3,986	90.8%
Bayonne Medical Center	3,666	3,929	93.3%	3,488	3,796	91.9%
Englewood Hospital and Medical Center	3,017	18,132	16.6%	3,288	18,524	17.7%
St. Barnabas Medical Center	1,865	32,737	5.7%	1,837	33,261	5.5%
Holy Name Hospital	1,533	10,930	14.0%	1,485	11,092	13.4%
Clara Maass Medical Center	1,463	13,406	10.9%	1,588	14,060	11.3%
Hudson Regional	887	2,510	35.3%	1,034	2,888	35.8%
Jersey City Medical Center Psych	941	1,064	88.4%	873	992	88.0%
Newark Beth Israel Medical Center	987	17,326	5.7%	1,003	18,431	5.4%
University Hospital	963	17,116	5.6%	992	17,800	5.6%
Saint Mary - Hoboken Psych Unit	795	1,262	63.0%	916	1,290	71.0%
St. Joseph's - Paterson	719	21,739	3.3%	596	19,533	3.1%
St. Michael's Medical Center	432	4,698	9.2%	453	4,878	9.3%
Morristown Memorial Hospital	562	41,471	1.4%	569	41,938	1.4%
Overlook Hospital	477	21,442	2.2%	429	21,218	2.0%
RWJ University Hospital	296	32,495	0.9%	309	33,096	0.9%

Hospital	2023 (Incomplete)		
	Hudson County Zipcode IP Discharges	Total IP Discharges	%Hudson County IP Discharges
Jersey City Medical Center	14,388	15,770	91.2%
CarePoint Health - Christ Hospital	4,152	4,901	84.7%
Palisades Medical Center	5,400	6,640	81.3%
Hackensack University Medical Center	5,477	41,142	13.3%
Hoboken University Medical Center	3,258	3,609	90.3%
Bayonne Medical Center	3,600	3,843	93.7%
Englewood Hospital and Medical Center	3,023	18,174	16.6%
St. Barnabas Medical Center	1,909	34,352	5.6%
Holy Name Hospital	1,730	12,405	13.9%
Clara Maass Medical Center	1,475	13,390	11.0%
Hudson Regional	735	2,059	35.7%
Jersey City Medical Center Psych	828	962	86.1%
Newark Beth Israel Medical Center	998	18,690	5.3%
University Hospital	968	17,465	5.5%
Saint Mary - Hoboken Psych Unit	915	1,257	72.8%
St. Joseph's - Paterson	438	16,403	2.7%
St. Michael's Medical Center	462	5,261	8.8%
Morristown Memorial Hospital	552	43,002	1.3%
Overlook Hospital	470	21,000	2.2%
RWJ University Hospital	367	33,486	1.1%

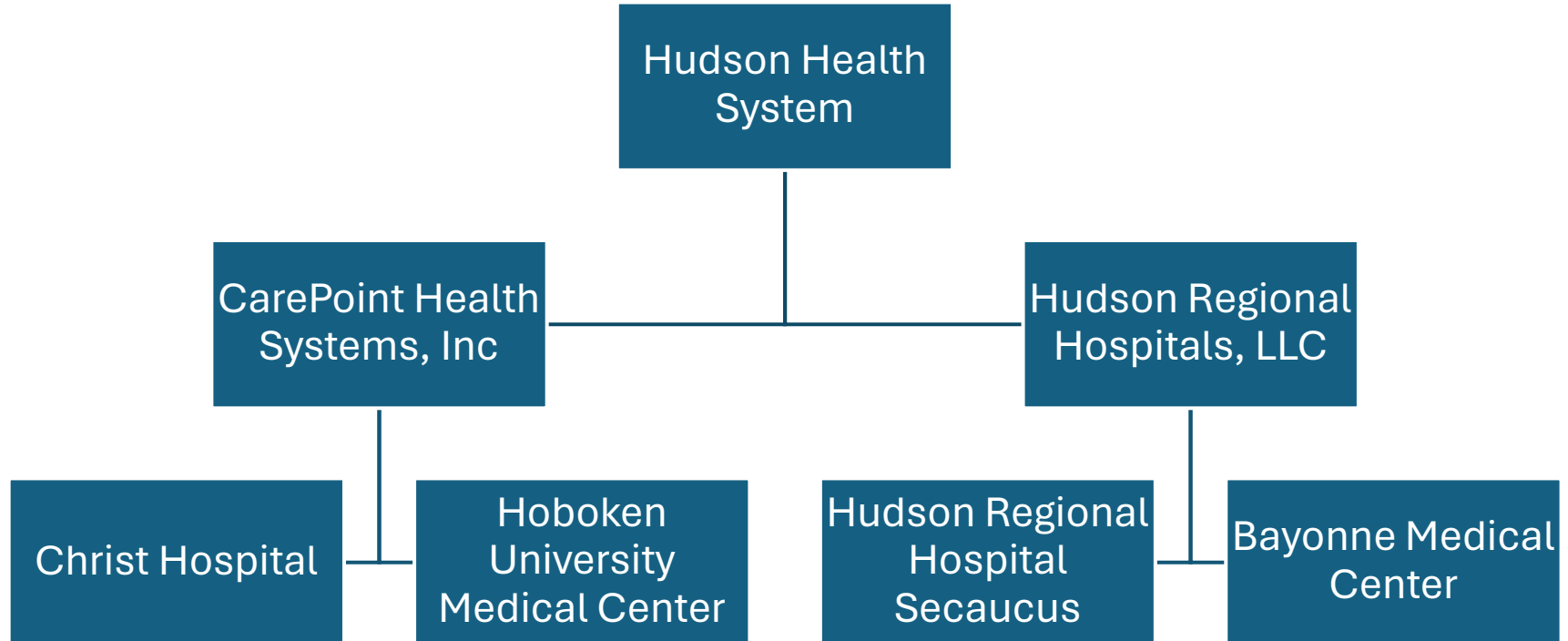


CarePoint Bayonne Organizational Chart



◆The Department of Health is currently reviewing a proposed transfer of ownership, which if approved, will result in BMC Hospital, LLC having a 49% ownership interest in IJG Opco, LLC.

Hudson Health System Organization Chart



**New Jersey Department of Health and Senior Services
HCSA Facility Information Systems
PO Box 360, Trenton, NJ 08625-0360**

SHARE QUARTERLY INPATIENT
UTILIZATION REPORT

B - 2

Hospita BAYONNE MEDICAL CENTER
Hospita Hosp25_B2
Quarter 3/31/2021

|||

Licensed Bed Category		Maintained Beds (a)	Admissions (Include Same Day Medical Admissions) (b)	Transfers Between Bed Categories (c)	Total Patient Days (d)
ACUTE INPATIENT SERVICES					
A	Medical-surgical -- Excludes SDS	127	992		5,899
B	Obsterical and OB/GYN	0			
C	Pediatric				
D	ICU/CCU	14	105		639
E	Psychiatric	15	122		887
F	Alcohol Acute				
G	Drug/Substance Abuse Acute				
H	Other:				
I	Total Hospital (sum A-H)	156	1,219	//////////	7,425
PSYCHIATRIC BED DESIGNATIONS		Maintained Beds (a)	Admissions	Transfers Within Psychiatric Beds	Total Patient Days (d)
J	Adult Open Acute	15	122		887
K	Adult Closed Acute/Inpatient Screening				
L	Child/Adolescent Acute/Intermediate				
M	Intermediate Adult				
N	Special - Eating Disorder				
O	Special - Dual Diagnosis (MICA)				
P	Special - Geriatric				
Q	Other:				
R	Total (sum J-Q)	15	122	//////////	887
OTHER SERVICES					
S	Rehabilitation				
T	Alcohol Residential				
U	Other:				
LONG TERM CARE					
V	Skilled Nursing/ICF A&B				
W	Other:	17	90		622
NEWBORN NURSERY					
Bed Category (e)	Maintained Bassinets	Births In-Hospital (f)	Transfers Into Hospital (g)	Transfers Within Hospital (h)	Total Patient Days
X	Normal Newborn Nursing (Level I)	//////////			
Y	Intermediate Special Care (Level II)		0		
Z	Intensive Special Care (Level III)		0		
AA	Total of X, Y and Z Above	0	0	0	0

Ambulatory Services		Visits	Admissions (i)
BB	Same Day Surgery	316	//////////
CC	Outpatient Surgery	178	
DD	Emergency Room Visits	4,647	1,167
EE	Clinic Visits		//////////

- (a) Number of beds maintained on the last day of the quarter.
- (b) Include Same Day Medical Admissions BUT exclude Same Day Surgeries.
- (c) Include patients transferred from other units within the hospital.
- (d) Include patient days of patients transferred from other units, Same Day Medical Admissions, and One Day Stays, BUT exclude Same Day Surgery visits.
- (e) As defined by the Perinatal Designation Regulations N.J.A.C. 8:33C-1.2.
- (f) All babies delivered in-hospital.
- (g) All babies born out-of-hospital and/or transferred in from another facility.
- (h) All babies transferred in-hospital between Level I, II, and/or III nurseries.
- (i) Outpatient surgery visits that developed complications, resulting in an admission to inpatient services. Emergency room visits resulting in an admission to inpatient services. (Include admissions as part of Total Visits counts for Outpatient Surgery and Emergency Room Visits.)

Name of Responsible Official	Title	Date
Tina Ford	Director Budget & Reimbursement	04/23/21

**New Jersey Department of Health and Senior Services
HCSA Facility Information Systems
PO Box 360, Trenton, NJ 08625-0360**

SHARE QUARTERLY INPATIENT
UTILIZATION REPORT

B - 2

Hospita BAYONNE MEDICAL CENTER
Hospita Hosp25_B2
Quarter 06/30/21

|||||

Licensed Bed Category		Maintained Beds (a)	Admissions (Include Same Day Medical Admissions) (b)	Transfers Between Bed Categories (c)	Total Patient Days (d)
ACUTE INPATIENT SERVICES					
A	Medical-surgical -- Excludes SDS	127	937		4,554
B	Obsterical and OB/GYN	0			
C	Pediatric				
D	ICU/CCU	14	82		377
E	Psychiatric	15	100		847
F	Alcohol Acute				
G	Drug/Substance Abuse Acute				
H	Other:				
I	Total Hospital (sum A-H)	156	1,119	//////////	5,778
PSYCHIATRIC BED DESIGNATIONS		Maintained Beds (a)	Admissions	Transfers Within Psychiatric Beds	Total Patient Days (d)
J	Adult Open Acute	15	100		847
K	Adult Closed Acute/Inpatient Screening				
L	Child/Adolescent Acute/Intermediate				
M	Intermediate Adult				
N	Special - Eating Disorder				
O	Special - Dual Diagnosis (MICA)				
P	Special - Geriatric				
Q	Other:				
R	Total (sum J-Q)	15	100	//////////	847
OTHER SERVICES					
S	Rehabilitation				
T	Alcohol Residential				
U	Other:				
LONG TERM CARE					
V	Skilled Nursing/ICF A&B				
W	Other:	17	90		622
NEWBORN NURSERY					
Bed Category (e)	Maintained Bassinets	Births In-Hospital (f)	Transfers Into Hospital (g)	Transfers Within Hospital (h)	Total Patient Days
X	Normal Newborn Nursing (Level I)	//////////			
Y	Intermediate Special Care (Level II)		0		
Z	Intensive Special Care (Level III)		0		
AA	Total of X, Y and Z Above	0	0	0	0

Ambulatory Services		Visits	Admissions (i)
BB	Same Day Surgery	362	//////////
CC	Outpatient Surgery	231	
DD	Emergency Room Visits	5,030	1,009
EE	Clinic Visits	2,530	//////////

- (a) Number of beds maintained on the last day of the quarter.
- (b) Include Same Day Medical Admissions BUT exclude Same Day Surgeries.
- (c) Include patients transferred from other units within the hospital.
- (d) Include patient days of patients transferred from other units, Same Day Medical Admissions, and One Day Stays, BUT exclude Same Day Surgery visits.
- (e) As defined by the Perinatal Designation Regulations N.J.A.C. 8:33C-1.2.
- (f) All babies delivered in-hospital.
- (g) All babies born out-of-hospital and/or transferred in from another facility.
- (h) All babies transferred in-hospital between Level I, II, and/or III nurseries.
- (i) Outpatient surgery visits that developed complications, resulting in an admission to inpatient services. Emergency room visits resulting in an admission to inpatient services. (Include admissions as part of Total Visits counts for Outpatient Surgery and Emergency Room Visits.)

Name of Responsible Official	Title	Date
Tina Ford	Director Budget & Reimbursement	07/29/21

**New Jersey Department of Health and Senior Services
HCSA Facility Information Systems
PO Box 360, Trenton, NJ 08625-0360**

SHARE QUARTERLY INPATIENT
UTILIZATION REPORT

B - 2

Hospita BAYONNE MEDICAL CENTER
Hospita Hosp25_B2
Quarter 09/30/21

|||

Licensed Bed Category		Maintained Beds (a)	Admissions (Include Same Day Medical Admissions) (b)	Transfers Between Bed Categories (c)	Total Patient Days (d)	
ACUTE INPATIENT SERVICES						
A	Medical-surgical -- Excludes SDS	127	861		4,496	
B	Obsterical and OB/GYN	0				
C	Pediatric					
D	ICU/CCU	14	129		506	
E	Psychiatric	15	101		792	
F	Alcohol Acute					
G	Drug/Substance Abuse Acute					
H	Other:					
I	Total Hospital (sum A-H)	156	1,091	//////////	5,794	
PSYCHIATRIC BED DESIGNATIONS		Maintained Beds (a)	Admissions	Transfers Within Psychiatric Beds	Total Patient Days (d)	
J	Adult Open Acute	15	101		792	
K	Adult Closed Acute/Inpatient Screening					
L	Child/Adolescent Acute/Intermediate					
M	Intermediate Adult					
N	Special - Eating Disorder					
O	Special - Dual Diagnosis (MICA)					
P	Special - Geriatric					
Q	Other:					
R	Total (sum J-Q)	15	101	//////////	792	
OTHER SERVICES						
S	Rehabilitation					
T	Alcohol Residential					
U	Other:					
LONG TERM CARE						
V	Skilled Nursing/ICF A&B					
W	Other:	17				
NEWBORN NURSERY						
Bed Category (e)		Maintained Bassinets	Births In-Hospital (f)	Transfers Into Hospital (g)	Transfers Within Hospital (h)	Total Patient Days
X	Normal Newborn Nursing (Level I)	//////////				
Y	Intermediate Special Care (Level II)		0			
Z	Intensive Special Care (Level III)		0			
AA	Total of X, Y and Z Above	0	0	0	0	0

Ambulatory Services		Visits	Admissions (i)
BB	Same Day Surgery	354	//////////
CC	Outpatient Surgery	244	
DD	Emergency Room Visits	5,730	974
EE	Clinic Visits	728	//////////

- (a) Number of beds maintained on the last day of the quarter.
- (b) Include Same Day Medical Admissions BUT exclude Same Day Surgeries.
- (c) Include patients transferred from other units within the hospital.
- (d) Include patient days of patients transferred from other units, Same Day Medical Admissions, and One Day Stays, BUT exclude Same Day Surgery visits.
- (e) As defined by the Perinatal Designation Regulations N.J.A.C. 8:33C-1.2.
- (f) All babies delivered in-hospital.
- (g) All babies born out-of-hospital and/or transferred in from another facility.
- (h) All babies transferred in-hospital between Level I, II, and/or III nurseries.
- (i) Outpatient surgery visits that developed complications, resulting in an admission to inpatient services. Emergency room visits resulting in an admission to inpatient services. (Include admissions as part of Total Visits counts for Outpatient Surgery and Emergency Room Visits.)

Name of Responsible Official	Title	Date
Tina Ford	Director Budget & Reimbursement	10.22.21

**New Jersey Department of Health and Senior Services
HCSA Facility Information Systems
PO Box 360, Trenton, NJ 08625-0360**

SHARE QUARTERLY INPATIENT
UTILIZATION REPORT

B - 2

Hospita BAYONNE MEDICAL CENTER
Hospita Hosp25_B2
Quarter 12/31/21

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Licensed Bed Category		Maintained Beds (a)	Admissions (Include Same Day Medical Admissions) (b)	Transfers Between Bed Categories (c)	Total Patient Days (d)
ACUTE INPATIENT SERVICES					
A	Medical-surgical -- Excludes SDS	127	891		4,841
B	Obsterical and OB/GYN				
C	Pediatric				
D	ICU/CCU	14	125		402
E	Psychiatric	15	102		759
F	Alcohol Acute				
G	Drug/Substance Abuse Acute				
H	Other:				
I	Total Hospital (sum A-H)	156	1,118	//////////	6,002
PSYCHIATRIC BED DESIGNATIONS		Maintained Beds (a)	Admissions	Transfers Within Psychiatric Beds	Total Patient Days (d)
J	Adult Open Acute	15	102		759
K	Adult Closed Acute/Inpatient Screening				
L	Child/Adolescent Acute/Intermediate				
M	Intermediate Adult				
N	Special - Eating Disorder				
O	Special - Dual Diagnosis (MICA)				
P	Special - Geriatric				
Q	Other:				
R	Total (sum J-Q)	15	102	//////////	759
OTHER SERVICES					
S	Rehabilitation				
T	Alcohol Residential				
U	Other:				
LONG TERM CARE					
V	Skilled Nursing/ICF A&B				
W	Other:	17			
NEWBORN NURSERY					
Bed Category (e)	Maintained Bassinets	Births In-Hospital (f)	Transfers Into Hospital (g)	Transfers Within Hospital (h)	Total Patient Days
X	Normal Newborn Nursing (Level I)	//////////			
Y	Intermediate Special Care (Level II)		0		
Z	Intensive Special Care (Level III)		0		
AA	Total of X, Y and Z Above	0	0	0	0

Ambulatory Services		Visits	Admissions (i)
BB	Same Day Surgery	432	//////////
CC	Outpatient Surgery	228	
DD	Emergency Room Visits	6,062	970
EE	Clinic Visits	946	//////////

- (a) Number of beds maintained on the last day of the quarter.
- (b) Include Same Day Medical Admissions BUT exclude Same Day Surgeries.
- (c) Include patients transferred from other units within the hospital.
- (d) Include patient days of patients transferred from other units, Same Day Medical Admissions, and One Day Stays, BUT exclude Same Day Surgery visits.
- (e) As defined by the Perinatal Designation Regulations N.J.A.C. 8:33C-1.2.
- (f) All babies delivered in-hospital.
- (g) All babies born out-of-hospital and/or transferred in from another facility.
- (h) All babies transferred in-hospital between Level I, II, and/or III nurseries.
- (i) Outpatient surgery visits that developed complications, resulting in an admission to inpatient services. Emergency room visits resulting in an admission to inpatient services. (Include admissions as part of Total Visits counts for Outpatient Surgery and Emergency Room Visits.)

Name of Responsible Official	Title	Date
Tina Ford	Director Budget & Reimbursement	1.17.22

**New Jersey Department of Health and Senior Services
HCSA Facility Information Systems
PO Box 360, Trenton, NJ 08625-0360**

SHARE QUARTERLY INPATIENT
UTILIZATION REPORT

B - 2

Hospita BAYONNE MEDICAL CENTER
Hospita Hosp25_B2
Quarter 3/31/2022

Licensed Bed Category		Maintained Beds (a)	Admissions (Include Same Day Medical Admissions) (b)	Transfers Between Bed Categories (c)	Total Patient Days (d)
ACUTE INPATIENT SERVICES					
A	Medical-surgical -- Excludes SDS	127	830		4,743
B	Obsterical and OB/GYN	0			
C	Pediatric				
D	ICU/CCU	14	107		491
E	Psychiatric	15	86		700
F	Alcohol Acute				
G	Drug/Substance Abuse Acute				
H	Other:				
I	Total Hospital (sum A-H)	156	1,023	//////////	5,934
PSYCHIATRIC BED DESIGNATIONS		Maintained Beds (a)	Admissions	Transfers Within Psychiatric Beds	Total Patient Days (d)
J	Adult Open Acute	15	86		700
K	Adult Closed Acute/Inpatient Screening				
L	Child/Adolescent Acute/Intermediate				
M	Intermediate Adult				
N	Special - Eating Disorder				
O	Special - Dual Diagnosis (MICA)				
P	Special - Geriatric				
Q	Other:				
R	Total (sum J-Q)	15	86	//////////	700
OTHER SERVICES					
S	Rehabilitation				
T	Alcohol Residential				
U	Other:				
LONG TERM CARE					
V	Skilled Nursing/ICF A&B				
W	Other:				

NEWBORN NURSERY					
Bed Category (e)	Maintained Bassinets	Births In-Hospital (f)	Transfers Into Hospital (g)	Transfers Within Hospital (h)	Total Patient Days
X	Normal Newborn Nursing (Level I)	//////////			
Y	Intermediate Special Care (Level II)		0		
Z	Intensive Special Care (Level III)		0		
AA	Total of X, Y and Z Above	0	0	0	0

Ambulatory Services		Visits	Admissions (i)
BB	Same Day Surgery	414	//////////
CC	Outpatient Surgery	238	
DD	Emergency Room Visits	4,946	914
EE	Clinic Visits	682	//////////

- (a) Number of beds maintained on the last day of the quarter.
- (b) Include Same Day Medical Admissions BUT exclude Same Day Surgeries.
- (c) Include patients transferred from other units within the hospital.
- (d) Include patient days of patients transferred from other units, Same Day Medical Admissions, and One Day Stays, BUT exclude Same Day Surgery visits.
- (e) As defined by the Perinatal Designation Regulations N.J.A.C. 8:33C-1.2.
- (f) All babies delivered in-hospital.
- (g) All babies born out-of-hospital and/or transferred in from another facility.
- (h) All babies transferred in-hospital between Level I, II, and/or III nurseries.
- (i) Outpatient surgery visits that developed complications, resulting in an admission to inpatient services. Emergency room visits resulting in an admission to inpatient services. (Include admissions as part of Total Visits counts for Outpatient Surgery and Emergency Room Visits.)

Name of Responsible Official	Title	Date
	Director Budget & Reimbursement	

**New Jersey Department of Health and Senior Services
HCSA Facility Information Systems
PO Box 360, Trenton, NJ 08625-0360**

SHARE QUARTERLY INPATIENT
UTILIZATION REPORT

B - 2

Hospita BAYONNE MEDICAL CENTER
Hospita Hosp25_B2
Quarter 6/30/2022

Licensed Bed Category		Maintained Beds (a)	Admissions (Include Same Day Medical Admissions) (b)	Transfers Between Bed Categories (c)	Total Patient Days (d)
ACUTE INPATIENT SERVICES					
A	Medical-surgical -- Excludes SDS	127	876		4,638
B	Obsterical and OB/GYN	0			
C	Pediatric				
D	ICU/CCU	14	98		419
E	Psychiatric	15	101		693
F	Alcohol Acute				
G	Drug/Substance Abuse Acute				
H	Other:				
I	Total Hospital (sum A-H)	156	1,075	//////////	5,750
PSYCHIATRIC BED DESIGNATIONS		Maintained Beds (a)	Admissions	Transfers Within Psychiatric Beds	Total Patient Days (d)
J	Adult Open Acute	15	101		693
K	Adult Closed Acute/Inpatient Screening				
L	Child/Adolescent Acute/Intermediate				
M	Intermediate Adult				
N	Special - Eating Disorder				
O	Special - Dual Diagnosis (MICA)				
P	Special - Geriatric				
Q	Other:				
R	Total (sum J-Q)	15	101	//////////	693
OTHER SERVICES					
S	Rehabilitation				
T	Alcohol Residential				
U	Other:				
LONG TERM CARE					
V	Skilled Nursing/ICF A&B				
W	Other:				

NEWBORN NURSERY					
Bed Category (e)	Maintained Bassinets	Births In-Hospital (f)	Transfers Into Hospital (g)	Transfers Within Hospital (h)	Total Patient Days
X	Normal Newborn Nursing (Level I)	//////////			
Y	Intermediate Special Care (Level II)		0		
Z	Intensive Special Care (Level III)		0		
AA	Total of X, Y and Z Above	0	0	0	0

Ambulatory Services		Visits	Admissions (i)
BB	Same Day Surgery	461	//////////
CC	Outpatient Surgery	202	
DD	Emergency Room Visits	5,563	888
EE	Clinic Visits	656	//////////

- (a) Number of beds maintained on the last day of the quarter.
- (b) Include Same Day Medical Admissions BUT exclude Same Day Surgeries.
- (c) Include patients transferred from other units within the hospital.
- (d) Include patient days of patients transferred from other units, Same Day Medical Admissions, and One Day Stays, BUT exclude Same Day Surgery visits.
- (e) As defined by the Perinatal Designation Regulations N.J.A.C. 8:33C-1.2.
- (f) All babies delivered in-hospital.
- (g) All babies born out-of-hospital and/or transferred in from another facility.
- (h) All babies transferred in-hospital between Level I, II, and/or III nurseries.
- (i) Outpatient surgery visits that developed complications, resulting in an admission to inpatient services. Emergency room visits resulting in an admission to inpatient services. (Include admissions as part of Total Visits counts for Outpatient Surgery and Emergency Room Visits.)

Name of Responsible Official	Title	Date
	Director Budget & Reimbursement	

**New Jersey Department of Health and Senior Services
HCSA Facility Information Systems
PO Box 360, Trenton, NJ 08625-0360**

SHARE QUARTERLY INPATIENT
UTILIZATION REPORT

B - 2

Hospita BAYONNE MEDICAL CENTER
Hospita Hosp25_B2
Quarter 9/30/2022

Licensed Bed Category		Maintained Beds (a)	Admissions (Include Same Day Medical Admissions) (b)	Transfers Between Bed Categories (c)	Total Patient Days (d)
ACUTE INPATIENT SERVICES					
A	Medical-surgical -- Excludes SDS	127	937		4,835
B	Obsterical and OB/GYN	0			
C	Pediatric				
D	ICU/CCU	14	72		480
E	Psychiatric	15	89		684
F	Alcohol Acute				
G	Drug/Substance Abuse Acute				
H	Other:				
I	Total Hospital (sum A-H)	156	1,098	//////////	5,999
PSYCHIATRIC BED DESIGNATIONS		Maintained Beds (a)	Admissions	Transfers Within Psychiatric Beds	Total Patient Days (d)
J	Adult Open Acute	15	89		684
K	Adult Closed Acute/Inpatient Screening				
L	Child/Adolescent Acute/Intermediate				
M	Intermediate Adult				
N	Special - Eating Disorder				
O	Special - Dual Diagnosis (MICA)				
P	Special - Geriatric				
Q	Other:				
R	Total (sum J-Q)	15	89	//////////	684
OTHER SERVICES					
S	Rehabilitation				
T	Alcohol Residential				
U	Other:				
LONG TERM CARE					
V	Skilled Nursing/ICF A&B				
W	Other:				

NEWBORN NURSERY					
Bed Category (e)	Maintained Bassinets	Births In-Hospital (f)	Transfers Into Hospital (g)	Transfers Within Hospital (h)	Total Patient Days
X	Normal Newborn Nursing (Level I)	//////////			
Y	Intermediate Special Care (Level II)		0		
Z	Intensive Special Care (Level III)		0		
AA	Total of X, Y and Z Above	0	0	0	0

Ambulatory Services		Visits	Admissions (i)
BB	Same Day Surgery	445	//////////
CC	Outpatient Surgery	232	
DD	Emergency Room Visits	5,642	918
EE	Clinic Visits	623	//////////

- (a) Number of beds maintained on the last day of the quarter.
- (b) Include Same Day Medical Admissions BUT exclude Same Day Surgeries.
- (c) Include patients transferred from other units within the hospital.
- (d) Include patient days of patients transferred from other units, Same Day Medical Admissions, and One Day Stays, BUT exclude Same Day Surgery visits.
- (e) As defined by the Perinatal Designation Regulations N.J.A.C. 8:33C-1.2.
- (f) All babies delivered in-hospital.
- (g) All babies born out-of-hospital and/or transferred in from another facility.
- (h) All babies transferred in-hospital between Level I, II, and/or III nurseries.
- (i) Outpatient surgery visits that developed complications, resulting in an admission to inpatient services. Emergency room visits resulting in an admission to inpatient services. (Include admissions as part of Total Visits counts for Outpatient Surgery and Emergency Room Visits.)

Name of Responsible Official	Title	Date
	Director Budget & Reimbursement	

**New Jersey Department of Health and Senior Services
HCSA Facility Information Systems
PO Box 360, Trenton, NJ 08625-0360**

SHARE QUARTERLY INPATIENT
UTILIZATION REPORT

B - 2

Hospita BAYONNE MEDICAL CENTER
Hospita Hosp25_B2
Quarter 12/31/22

Licensed Bed Category		Maintained Beds (a)	Admissions (Include Same Day Medical Admissions) (b)	Transfers Between Bed Categories (c)	Total Patient Days (d)
ACUTE INPATIENT SERVICES					
A	Medical-surgical -- Excludes SDS	127	919		5,356
B	Obsterical and OB/GYN	0			
C	Pediatric				
D	ICU/CCU	14	82		468
E	Psychiatric	15	88		750
F	Alcohol Acute				
G	Drug/Substance Abuse Acute				
H	Other:				
I	Total Hospital (sum A-H)	156	1,089	//////////	6,574
PSYCHIATRIC BED DESIGNATIONS		Maintained Beds (a)	Admissions	Transfers Within Psychiatric Beds	Total Patient Days (d)
J	Adult Open Acute	15	88		750
K	Adult Closed Acute/Inpatient Screening				
L	Child/Adolescent Acute/Intermediate				
M	Intermediate Adult				
N	Special - Eating Disorder				
O	Special - Dual Diagnosis (MICA)				
P	Special - Geriatric				
Q	Other:				
R	Total (sum J-Q)	15	88	//////////	750
OTHER SERVICES					
S	Rehabilitation				
T	Alcohol Residential				
U	Other:				
LONG TERM CARE					
V	Skilled Nursing/ICF A&B				
W	Other:				

NEWBORN NURSERY					
Bed Category (e)	Maintained Bassinets	Births In-Hospital (f)	Transfers Into Hospital (g)	Transfers Within Hospital (h)	Total Patient Days
X	Normal Newborn Nursing (Level I)	//////////			
Y	Intermediate Special Care (Level II)		0		
Z	Intensive Special Care (Level III)		0		
AA	Total of X, Y and Z Above	0	0	0	0

Ambulatory Services		Visits	Admissions (i)
BB	Same Day Surgery	455	//////////
CC	Outpatient Surgery	248	
DD	Emergency Room Visits	5,712	934
EE	Clinic Visits	617	//////////

- (a) Number of beds maintained on the last day of the quarter.
- (b) Include Same Day Medical Admissions BUT exclude Same Day Surgeries.
- (c) Include patients transferred from other units within the hospital.
- (d) Include patient days of patients transferred from other units, Same Day Medical Admissions, and One Day Stays, BUT exclude Same Day Surgery visits.
- (e) As defined by the Perinatal Designation Regulations N.J.A.C. 8:33C-1.2.
- (f) All babies delivered in-hospital.
- (g) All babies born out-of-hospital and/or transferred in from another facility.
- (h) All babies transferred in-hospital between Level I, II, and/or III nurseries.
- (i) Outpatient surgery visits that developed complications, resulting in an admission to inpatient services. Emergency room visits resulting in an admission to inpatient services. (Include admissions as part of Total Visits counts for Outpatient Surgery and Emergency Room Visits.)

Name of Responsible Official	Title	Date
	Director Budget & Reimbursement	

**New Jersey Department of Health and Senior Services
HCSA Facility Information Systems
PO Box 360, Trenton, NJ 08625-0360**

SHARE QUARTERLY INPATIENT
UTILIZATION REPORT

B - 2

Hospita BAYONNE MEDICAL CENTER
Hospita Hosp25_B2
Quarter 3/31/2023

Licensed Bed Category		Maintained Beds (a)	Admissions (Include Same Day Medical Admissions) (b)	Transfers Between Bed Categories (c)	Total Patient Days (d)	
ACUTE INPATIENT SERVICES						
A	Medical-surgical -- Excludes SDS	127	1,025		6,027	
B	Obsterical and OB/GYN	0				
C	Pediatric					
D	ICU/CCU	14	58		463	
E	Psychiatric	15	81		801	
F	Alcohol Acute					
G	Drug/Substance Abuse Acute					
H	Other:					
I	Total Hospital (sum A-H)	156	1,164	//////////	7,291	
PSYCHIATRIC BED DESIGNATIONS		Maintained Beds (a)	Admissions	Transfers Within Psychiatric Beds	Total Patient Days (d)	
J	Adult Open Acute	15	81		801	
K	Adult Closed Acute/Inpatient Screening					
L	Child/Adolescent Acute/Intermediate					
M	Intermediate Adult					
N	Special - Eating Disorder					
O	Special - Dual Diagnosis (MICA)					
P	Special - Geriatric					
Q	Other:					
R	Total (sum J-Q)	15	81	//////////	801	
OTHER SERVICES						
S	Rehabilitation					
T	Alcohol Residential					
U	Other:					
LONG TERM CARE						
V	Skilled Nursing/ICF A&B					
W	Other:					
NEWBORN NURSERY						
Bed Category (e)		Maintained Bassinets	Births In-Hospital (f)	Transfers Into Hospital (g)	Transfers Within Hospital (h)	Total Patient Days
X	Normal Newborn Nursing (Level I)	//////////				
Y	Intermediate Special Care (Level II)		0			
Z	Intensive Special Care (Level III)		0			
AA	Total of X, Y and Z Above	0	0	0	0	0

Ambulatory Services		Visits	Admissions (i)
BB	Same Day Surgery	442	//////////
CC	Outpatient Surgery	258	
DD	Emergency Room Visits	5,284	1,118
EE	Clinic Visits	961	//////////

- (a) Number of beds maintained on the last day of the quarter.
- (b) Include Same Day Medical Admissions BUT exclude Same Day Surgeries.
- (c) Include patients transferred from other units within the hospital.
- (d) Include patient days of patients transferred from other units, Same Day Medical Admissions, and One Day Stays, BUT exclude Same Day Surgery visits.
- (e) As defined by the Perinatal Designation Regulations N.J.A.C. 8:33C-1.2.
- (f) All babies delivered in-hospital.
- (g) All babies born out-of-hospital and/or transferred in from another facility.
- (h) All babies transferred in-hospital between Level I, II, and/or III nurseries.
- (i) Outpatient surgery visits that developed complications, resulting in an admission to inpatient services. Emergency room visits resulting in an admission to inpatient services. (Include admissions as part of Total Visits counts for Outpatient Surgery and Emergency Room Visits.)

Name of Responsible Official	Title	Date
	Director Budget & Reimbursement	

**New Jersey Department of Health and Senior Services
HCSA Facility Information Systems
PO Box 360, Trenton, NJ 08625-0360**

SHARE QUARTERLY INPATIENT
UTILIZATION REPORT

B - 2

Hospita BAYONNE MEDICAL CENTER
Hospita Hosp25_B2
Quarter 06/30/23

Licensed Bed Category		Maintained Beds (a)	Admissions (Include Same Day Medical Admissions) (b)	Transfers Between Bed Categories (c)	Total Patient Days (d)
ACUTE INPATIENT SERVICES					
A	Medical-surgical -- Excludes SDS	127	1,057		5,613
B	Obsterical and OB/GYN	0			
C	Pediatric				
D	ICU/CCU	14	90		514
E	Psychiatric	15	79		722
F	Alcohol Acute				
G	Drug/Substance Abuse Acute				
H	Other:				
I	Total Hospital (sum A-H)	156	1,226	//////////	6,849
PSYCHIATRIC BED DESIGNATIONS		Maintained Beds (a)	Admissions	Transfers Within Psychiatric Beds	Total Patient Days (d)
J	Adult Open Acute	15	79		722
K	Adult Closed Acute/Inpatient Screening				
L	Child/Adolescent Acute/Intermediate				
M	Intermediate Adult				
N	Special - Eating Disorder				
O	Special - Dual Diagnosis (MICA)				
P	Special - Geriatric				
Q	Other:				
R	Total (sum J-Q)	15	79	//////////	722
OTHER SERVICES					
S	Rehabilitation				
T	Alcohol Residential				
U	Other:				
LONG TERM CARE					
V	Skilled Nursing/ICF A&B				
W	Other:				

NEWBORN NURSERY					
Bed Category (e)	Maintained Bassinets	Births In-Hospital (f)	Transfers Into Hospital (g)	Transfers Within Hospital (h)	Total Patient Days
X	Normal Newborn Nursing (Level I)	//////////			
Y	Intermediate Special Care (Level II)		0		
Z	Intensive Special Care (Level III)		0		
AA	Total of X, Y and Z Above	0	0	0	0

Ambulatory Services		Visits	Admissions (i)
BB	Same Day Surgery	260	//////////
CC	Outpatient Surgery	263	
DD	Emergency Room Visits	5,170	1,193
EE	Clinic Visits	904	//////////

- (a) Number of beds maintained on the last day of the quarter.
- (b) Include Same Day Medical Admissions BUT exclude Same Day Surgeries.
- (c) Include patients transferred from other units within the hospital.
- (d) Include patient days of patients transferred from other units, Same Day Medical Admissions, and One Day Stays, BUT exclude Same Day Surgery visits.
- (e) As defined by the Perinatal Designation Regulations N.J.A.C. 8:33C-1.2.
- (f) All babies delivered in-hospital.
- (g) All babies born out-of-hospital and/or transferred in from another facility.
- (h) All babies transferred in-hospital between Level I, II, and/or III nurseries.
- (i) Outpatient surgery visits that developed complications, resulting in an admission to inpatient services. Emergency room visits resulting in an admission to inpatient services. (Include admissions as part of Total Visits counts for Outpatient Surgery and Emergency Room Visits.)

Name of Responsible Official	Title	Date
Tina Ford	Director Budget & Reimbursement	07/17/23

New Jersey Department of Health and Senior Services
HCSA Facility Information Systems
PO Box 360, Trenton, NJ 08625-0360

SHARE QUARTERLY INPATIENT
 UTILIZATION REPORT

B - 2

Hospita BAYONNE MEDICAL CENTER
 Hospita Hosp25_B2
 Quarter 09/30/23

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Licensed Bed Category		Maintained Beds (a)	Admissions (Include Same Day Medical Admissions) (b)	Transfers Between Bed Categories (c)	Total Patient Days (d)	
ACUTE INPATIENT SERVICES						
A	Medical-surgical -- Excludes SDS	127	924		4,724	
B	Obsterical and OB/GYN	0				
C	Pediatric					
D	ICU/CCU	14	66		234	
E	Psychiatric	15	102		918	
F	Alcohol Acute					
G	Drug/Substance Abuse Acute					
H	Other:					
I	Total Hospital (sum A-H)	156	1,092	//////////	5,876	
PSYCHIATRIC BED DESIGNATIONS		Maintained Beds (a)	Admissions	Transfers Within Psychiatric Beds	Total Patient Days (d)	
J	Adult Open Acute	15	102		918	
K	Adult Closed Acute/Inpatient Screening					
L	Child/Adolescent Acute/Intermediate					
M	Intermediate Adult					
N	Special - Eating Disorder					
O	Special - Dual Diagnosis (MICA)					
P	Special - Geriatric					
Q	Other:					
R	Total (sum J-Q)	15	102	//////////	918	
OTHER SERVICES						
S	Rehabilitation					
T	Alcohol Residential					
U	Other:					
LONG TERM CARE						
V	Skilled Nursing/ICF A&B	17	3		36	
W	Other:					
NEWBORN NURSERY						
Bed Category (e)		Maintained Bassinets	Births In-Hospital (f)	Transfers Into Hospital (g)	Transfers Within Hospital (h)	Total Patient Days
X	Normal Newborn Nursing (Level I)	//////////				
Y	Intermediate Special Care (Level II)		0			
Z	Intensive Special Care (Level III)		0			
AA	Total of X, Y and Z Above	0	0	0	0	0

Ambulatory Services		Visits	Admissions (i)
BB	Same Day Surgery	212	//////////
CC	Outpatient Surgery	201	
DD	Emergency Room Visits	5,123	1,043
EE	Clinic Visits	836	//////////

- (a) Number of beds maintained on the last day of the quarter.
- (b) Include Same Day Medical Admissions BUT exclude Same Day Surgeries.
- (c) Include patients transferred from other units within the hospital.
- (d) Include patient days of patients transferred from other units, Same Day Medical Admissions, and One Day Stays, BUT exclude Same Day Surgery visits.
- (e) As defined by the Perinatal Designation Regulations N.J.A.C. 8:33C-1.2.
- (f) All babies delivered in-hospital.
- (g) All babies born out-of-hospital and/or transferred in from another facility.
- (h) All babies transferred in-hospital between Level I, II, and/or III nurseries.
- (i) Outpatient surgery visits that developed complications, resulting in an admission to inpatient services. Emergency room visits resulting in an admission to inpatient services. (Include admissions as part of Total Visits counts for Outpatient Surgery and Emergency Room Visits.)

Name of Responsible Official	Title	Date
Tina Ford	Director Budget & Reimbursement	07/17/23

**New Jersey Department of Health and Senior Services
HCSA Facility Information Systems
PO Box 360, Trenton, NJ 08625-0360**

SHARE QUARTERLY INPATIENT
UTILIZATION REPORT

B - 2

Hospita BAYONNE MEDICAL CENTER
Hospita Hosp25_B2
Quarter 12/31/23

Licensed Bed Category		Maintained Beds (a)	Admissions (Include Same Day Medical Admissions) (b)	Transfers Between Bed Categories (c)	Total Patient Days (d)	
ACUTE INPATIENT SERVICES						
A	Medical-surgical -- Excludes SDS	127	929		5,843	
B	Obsterical and OB/GYN	0				
C	Pediatric					
D	ICU/CCU	14	76		306	
E	Psychiatric	15	84		824	
F	Alcohol Acute					
G	Drug/Substance Abuse Acute					
H	Other:					
I	Total Hospital (sum A-H)	156	1,089	//////////	6,973	
PSYCHIATRIC BED DESIGNATIONS		Maintained Beds (a)	Admissions	Transfers Within Psychiatric Beds	Total Patient Days (d)	
J	Adult Open Acute	15	84		824	
K	Adult Closed Acute/Inpatient Screening					
L	Child/Adolescent Acute/Intermediate					
M	Intermediate Adult					
N	Special - Eating Disorder					
O	Special - Dual Diagnosis (MICA)					
P	Special - Geriatric					
Q	Other:					
R	Total (sum J-Q)	15	84	//////////	824	
OTHER SERVICES						
S	Rehabilitation					
T	Alcohol Residential					
U	Other:					
LONG TERM CARE						
V	Skilled Nursing/ICF A&B	17	0		8	
W	Other:					
NEWBORN NURSERY						
Bed Category (e)		Maintained Bassinets	Births In-Hospital (f)	Transfers Into Hospital (g)	Transfers Within Hospital (h)	Total Patient Days
X	Normal Newborn Nursing (Level I)	//////////				
Y	Intermediate Special Care (Level II)		0			
Z	Intensive Special Care (Level III)		0			
AA	Total of X, Y and Z Above	0	0	0	0	0

Ambulatory Services		Visits	Admissions (i)
BB	Same Day Surgery	185	//////////
CC	Outpatient Surgery	217	
DD	Emergency Room Visits	5,095	1,016
EE	Clinic Visits	776	//////////

- (a) Number of beds maintained on the last day of the quarter.
- (b) Include Same Day Medical Admissions BUT exclude Same Day Surgeries.
- (c) Include patients transferred from other units within the hospital.
- (d) Include patient days of patients transferred from other units, Same Day Medical Admissions, and One Day Stays, BUT exclude Same Day Surgery visits.
- (e) As defined by the Perinatal Designation Regulations N.J.A.C. 8:33C-1.2.
- (f) All babies delivered in-hospital.
- (g) All babies born out-of-hospital and/or transferred in from another facility.
- (h) All babies transferred in-hospital between Level I, II, and/or III nurseries.
- (i) Outpatient surgery visits that developed complications, resulting in an admission to inpatient services. Emergency room visits resulting in an admission to inpatient services. (Include admissions as part of Total Visits counts for Outpatient Surgery and Emergency Room Visits.)

Name of Responsible Official	Title	Date
Tina Ford	Director Budget & Reimbursement	

Section III

HUDSON REGIONAL HOSPITAL CON APPLICATION
 PROJECTED IMPACT OF HUDSON REGIONAL HOSPITAL
 ACQUISITION MANAGEMENT ON HISTORICAL
 CAREPOINT HOSPITAL FINANCIALS AND VOLUMES

SECTION 1

Bayonne Medical Center					
	2022 Jan-Nov	2023	Projected		
	Annualized	Annualized	2024	2025	2026
Operating Revenue (in 000's)					
Net Patient Service Revenue	\$ 140,556,000	\$ 113,209,091	\$ 170,252,672	\$ 187,277,939	\$ 215,369,630
Other Operating Revenue	\$ 21,656,727	\$ 4,093,091	\$ 4,215,884	\$ 4,342,360	\$ 4,472,631
Charity Care	\$ 485,455	\$ 532,364	\$ 548,335	\$ 564,785	\$ 581,728
Total Revenues	\$ 162,698,182	\$ 117,834,545	\$ 175,016,890	\$ 192,185,084	\$ 220,423,989
Operating Expenses					
Salaries and Wages	\$ 66,412,364	\$ 65,066,182	\$ 66,868,135	\$ 73,162,869	\$ 80,087,077
Supplies/Other Expenses	\$ 87,650,182	\$ 77,796,000	\$ 79,345,778	\$ 84,668,895	\$ 93,023,949
Employee Benefits	\$ 10,252,364	\$ 8,137,091	\$ 12,904,206	\$ 14,194,626	\$ 15,614,089
Provision for Doubtful Accounts					
Total Operating Expenses before Int, Depr	\$ 164,314,909	\$ 150,999,273	\$ 159,118,118	\$ 172,026,391	\$ 188,725,115
Operating Income/(loss) before Int, Depr	\$ (1,616,727)	\$ (33,164,727)	\$ 15,898,772	\$ 20,158,693	\$ 31,698,874
Affiliated Interest (income) Expense	\$ (226,909)				
Interest Expense	\$ 4,795,636	\$ 5,744,727	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
Depreciaton and Amortization	\$ 8,173,091	\$ 7,926,545	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
Total Interest, and Depreciation	\$ 12,741,818	\$ 13,671,273	\$ 13,000,000	\$ 13,000,000	\$ 13,000,000
Total Operating Income/(Loss)	\$ (14,358,545)	\$ (46,836,000)	\$ 2,898,772	\$ 7,158,693	\$ 18,698,874
Income /(Loss) of Non-Operating Reserve		\$ 2,601,818			
Net Income/(Loss)	\$ (14,358,545)	\$ (44,234,182)	\$ 2,898,772	\$ 7,158,693	\$ 18,698,874

HUDSON REGIONAL HOSPITAL CON APPLICATION
 PROJECTED IMPACT OF HUDSON REGIONAL HOSPITAL
 ACQUISITION MANAGEMENT ON HISTORICAL
 CAREPOINT HOSPITAL FINANCIALS AND VOLUMES

SECTION 2	Bayonne Medical Center				
	2022 Jan-Nov Annualized	2023	Projected		
		Annualized	2024	2025	2026
Operating Expenses					
Salaries and Wages	\$ 52,335,079	\$ 57,224,859	\$ 62,947,345	\$ 69,242,080	\$ 76,166,288
Contract Labor	\$ 14,077,509	\$ 7,841,579	\$ 3,920,789	\$ 3,920,789	\$ 3,920,789
Salaries, Wages and Contract Labor	\$ 66,412,587	\$ 65,066,438	\$ 66,868,135	\$ 73,162,869	\$ 80,087,077
Policy Fringe Benefits	\$ 5,505,612	\$ 3,448,511	\$ 7,868,418	\$ 8,655,260	\$ 9,520,786
Taxes	\$ 4,746,469	\$ 4,688,956	\$ 5,035,788	\$ 5,539,366	\$ 6,093,303
Total Fringe Benefits	\$ 10,252,081	\$ 8,137,467	\$ 12,904,206	\$ 14,194,626	\$ 15,614,089
Consulting Fees/Purchased Services	\$ 10,391,209	\$ 9,976,673	\$ 4,988,337	\$ 4,988,337	\$ 4,988,337
Collection Fees	\$ 4,071,479	\$ 2,598,826	\$ 3,147,367	\$ 3,462,104	\$ 3,981,420
Billing Fees Ensemble		\$ -			
Physician Related	\$ 3,982,079	\$ 3,667,479	\$ 2,833,128	\$ 2,918,122	\$ 3,005,665
Physician Related Quality	\$ 14,276,611	\$ 14,511,927	\$ 10,463,100	\$ 10,776,993	\$ 11,100,302
Property Taxes	\$ 1,141,249	\$ 1,016,432	\$ 1,046,925	\$ 1,078,332	\$ 1,110,682
Medical Surgical Supplies	\$ 29,719,040	\$ 20,734,851	\$ 35,998,078	\$ 39,597,886	\$ 45,537,569
Liability and W/C Insurance	\$ 3,013,070	\$ 3,547,811	\$ 3,654,245	\$ 3,763,873	\$ 3,876,789
Rent, Maintenance, Repairs	\$ 2,578,118	\$ 1,595,349	\$ 1,643,209	\$ 1,692,505	\$ 1,743,281
Utilities	\$ 2,869,844	\$ 3,276,686	\$ 3,374,987	\$ 3,476,236	\$ 3,580,523
Pharmaceuticals	\$ 2,536,776	\$ 3,936,156	\$ 4,132,964	\$ 4,546,260	\$ 5,228,199
Management Fee	\$ 10,544,171	\$ 10,030,706	\$ 5,015,353	\$ 5,015,353	\$ 5,015,353
All Other Supply	\$ 2,526,933	\$ 2,902,939	\$ 3,048,085	\$ 3,352,894	\$ 3,855,828
Total Expenses	\$ 87,650,578	\$ 77,795,835	\$ 79,345,778	\$ 84,668,895	\$ 93,023,949
Lease					
Affiliated Interest (Income) Expense	\$ (226,532)				
Interest	\$ 4,795,325	\$ 5,744,428	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
Depreciation	\$ 8,172,989	\$ 7,926,209	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
Lease, Interest, Depreciation	\$ 12,741,783	\$ 13,670,638	\$ 13,000,000	\$ 13,000,000	\$ 13,000,000
Grand Total	\$ 177,057,029	\$ 164,670,379	\$ 172,118,118	\$ 185,026,391	\$ 201,725,115

HUDSON REGIONAL HOSPITAL CON APPLICATION
 PROJECTED IMPACT OF HUDSON REGIONAL HOSPITAL
 ACQUISITION MANAGEMENT ON HISTORICAL
 CAREPOINT HOSPITAL FINANCIALS AND VOLUMES

SECTION 3

	Bayonne Medical Center				
	2022 Jan-Nov Annualized	2023	Projected		
		Annualized	2024	2025	2026
Licensed Beds					
Medical-Surgical	205	205	205	205	205
ICU/CCU	14	14	14	14	14
Pediatric					
Ob/Gyn	10	10	10	10	10
Comprehensive Rehab					
Adult Acute Psych	15	15	15	15	15
Total Inpatient	244	244	244	244	244
Volume of Activity (Discharges) by Service					
Medical-Surgical	3773	4224	4,435	4,879	5,611
ICU/CCU	359	285	300	330	379
Pediatric			0	0	0
Ob/Gyn			0	0	0
Newborn			0	0	0
Behavioral	365	355	372	410	471
Detox			0	0	0
TCU	0	3	3	4	4
Total Inpatient	4497	4867	5111	5622	6465
Patient Days by Service					
Medical-Surgical	21364	24086	25,290	27,820	31,992
ICU/CCU	1858	1615	1,695	1,865	2,145
Pediatric			0	0	0
Ob/Gyn			0	0	0
Newborn			0	0	0
Behavioral	2802	3364	3,533	3,886	4,469
Detox			0	0	0
TCU		48	50	55	64
Total Inpatient Days	26024	29113	30569	33626	38670

HUDSON REGIONAL HOSPITAL CON APPLICATION
 PROJECTED IMPACT OF HUDSON REGIONAL HOSPITAL
 ACQUISITION MANAGEMENT ON HISTORICAL
 CAREPOINT HOSPITAL FINANCIALS AND VOLUMES

	Bayonne Medical Center				
Volume of Activity (Volumes)					
Total Births	0	0	0	0	0
Total Same Day Surgery Visits	1775	1219	1,280	1,408	1,619
Total Outpatient Visits	920	963	1,011	1,112	1,279
Total Clinic Visits	2578	3601	3,781	4,160	4,783
ER Visits	21859	18839	19,781	21,759	25,023
IP Discharges by Source of Revenue					
Medicare	1516	1399	1,468	1,615	1,858
Medicare HMO	927	1243	1,305	1,435	1,650
Horizon/Blue Cross	368	417	438	481	554
United Healthcare	55	72	76	83	96
Aetna	60	92	96	106	122
Cigna	41	46	48	53	61
Commercial/Managed Care	229	214	225	247	284
Medicaid	76	113	119	131	151
Medicaid HMO	689	825	866	953	1,095
Self Pay/Charity	177	163	171	188	216
Total Inpatient Discharges	4138	4582	4811	5292	6086
Patient Discharge Mix by Source of Revenue (IP Discharges % of Total)					
Medicare	36.6%	30.5%	30.5%	30.5%	30.5%
Medicare HMO	22.4%	27.1%	27.1%	27.1%	27.1%
Horizon/Blue Cross	8.9%	9.1%	9.1%	9.1%	9.1%
United Healthcare	1.3%	1.6%	1.6%	1.6%	1.6%
Aetna	1.4%	2.0%	2.0%	2.0%	2.0%
Cigna	1.0%	1.0%	1.0%	1.0%	1.0%
Commercial/Managed Care	5.5%	4.7%	4.7%	4.7%	4.7%
Medicaid	1.8%	2.5%	2.5%	2.5%	2.5%
Medicaid HMO	16.7%	18.0%	18.0%	18.0%	18.0%
Self Pay/Charity	4.3%	3.5%	3.5%	3.5%	3.5%
Total Inpatient Discharges	100.0%	100.0%	100.0%	100.0%	100.0%

Projection Assumptions by Hospital

Bayonne

Net Patient Service Revenue	Year 1 Assumes CY 2022 base of \$140,556,000 plus 12% discharge volume increase impact (\$16,866,720) plus 3.0% rate increase (\$4,772,682) plus 5, 10, 15 % growth in Year 1, 2 and 3, respectively.
Other Operating Revenue	Up 3% per year
Charity Care	Up 3% per year
Salaries and Wages	Up 10% per year
Contract Labor	Set @ 50% percent of 2023 expense and held flat
Policy Fringe Benefits	Set @ 12.5 percent of Salaries and Wages
Taxes	Set @ 8 percent of Salaries and Wages
Consulting Fees/Purchased Services	Set @ 50% percent of 2023 expense and held flat
Collection Fees	Set @ 5 percent of Net Patient Service revenue
Billing Fees Ensemble	
Physician Related	Year 1 assumes a 25% reduction to the baseline CY 2023 annualized expense level due to the elimination of CHMG physicians and a recalibration of GSHA compensation for FMV levels, followed by 3.0 increases annual salary increases in Year 1 assumes a 30% reduction to the baseline CY 2023 annualized expense level due to the elimination of CHMG physicians, followed by 3.0 increases annual salary
Physician Related Quality	
Property Taxes	Up 3% per year Set at the CY 2022 ratio of expense to Net Patient Service Revenue and applied to projected Net Patient revenue for each year
Medical Surgical Supplies	Up 3% per year
Liability and W/C Insurance	Up 3% per year
Rent. Maintenance, Repairs	Up 3% per year
Utilities	Up 3% per year
Pharmaceuticals	Increased 5, 10, 15 % in Year 1, 2 and 3, respectively.
Management Fee	Set @ 50% percent of 2023 expense and held flat
All Other Supply	Increased 5, 10, 15 % in Year 1, 2 and 3, respectively.
Lease	
Affiliated Interest (Income) Expense	
Interest	Set at \$5,000,000 per year
Depreciation	Set at \$8,000,000 per year
Market share	since 2021.

**CAREPOINT HEALTH MARKET SHARE TRENDS
OF HUDSON COUNTY ZIPCODE DISCHARGES
2019 -TO 2013 (INCOMPLETE)**

Hospital	2019			2020			2021			2022			2023 (Incomplete)			Change 2019-2023
	Hudson County Zipcode IP Discharges	Total IP Discharges	%Hudson County IP Discharges	Hudson County Zipcode IP Discharges	Total IP Discharges	%Hudson County IP Discharges	Hudson County Zipcode IP Discharges	Total IP Discharges	%Hudson County IP Discharges	Hudson County Zipcode IP Discharges	Total IP Discharges	%Hudson County IP Discharges	Hudson County Zipcode IP Discharges	Total IP Discharges	%Hudson County IP Discharges	
Jersey City Medical Center	12,659	13,780	91.9%	12,238	13,283	92.1%	13,762	14,961	92.0%	13,616	14,826	91.8%	14,388	15,770	91.2%	
CarePoint Health - Christ Hospital	7,142	8,110	88.1%	4,931	5,634	87.5%	4,636	5,479	84.6%	4,267	5,087	83.9%	4,152	4,901	84.7%	
Palisades Medical Center	7,020	8,368	83.9%	6,274	7,526	83.4%	6,129	7,397	82.9%	6,152	7,602	80.9%	5,400	6,640	81.3%	
Hackensack University Medical Center	5,822	40,392	14.4%	5,145	36,765	14.0%	5,369	39,978	13.4%	5,320	39,915	13.3%	5,477	41,142	13.3%	
Hoboken University Medical Center	4,636	5,234	88.6%	4,182	4,640	90.1%	4,054	4,494	90.2%	3,620	3,986	90.8%	3,258	3,609	90.3%	
Bayonne Medical Center	4,475	4,675	95.7%	3,749	3,925	95.5%	3,666	3,929	93.3%	3,488	3,796	91.9%	3,600	3,843	93.7%	
Englewood Hospital and Medical Center	2,709	17,829	15.2%	2,903	16,984	17.1%	3,017	18,132	16.6%	3,288	18,524	17.7%	3,023	18,174	16.6%	
St. Barnabas Medical Center	1,864	32,857	5.7%	1,895	31,251	6.1%	1,865	32,737	5.7%	1,837	33,261	5.5%	1,909	34,352	5.6%	
Holy Name Hospital	1,845	13,785	13.4%	1,716	11,659	14.7%	1,533	10,930	14.0%	1,485	11,092	13.4%	1,730	12,405	13.9%	
Clara Maass Medical Center	1,393	13,008	10.7%	1,507	12,599	12.0%	1,463	13,406	10.9%	1,588	14,060	11.3%	1,475	13,390	11.0%	
Hudson Regional	1,273	2,623	48.5%	921	2,013	45.8%	887	2,510	35.3%	1,034	2,888	35.8%	735	2,059	35.7%	
Jersey City Medical Center Psych	1,057	1,191	88.7%	936	1,104	84.8%	941	1,064	88.4%	873	992	88.0%	828	962	86.1%	
Newark Beth Israel Medical Center	1,053	20,614	5.1%	845	16,881	5.0%	987	17,326	5.7%	1,003	18,431	5.4%	998	18,690	5.3%	
University Hospital	1,032	15,861	6.5%	859	15,405	5.6%	963	17,116	5.6%	992	17,800	5.6%	968	17,465	5.5%	
Saint Mary - Hoboken Psych Unit	911	1,394	65.4%	714	1,175	60.8%	795	1,262	63.0%	916	1,290	71.0%	915	1,257	72.8%	
St. Joseph's - Paterson	776	24,505	3.2%	598	21,567	2.8%	719	21,739	3.3%	596	19,533	3.1%	438	16,403	2.7%	
St. Michael's Medical Center	671	7,470	9.0%	544	5,665	9.6%	432	4,698	9.2%	453	4,878	9.3%	462	5,261	8.8%	
Morristown Memorial Hospital	482	41,597	1.2%	553	38,566	1.4%	562	41,471	1.4%	569	41,938	1.4%	552	43,002	1.3%	
Overlook Hospital	439	23,329	1.9%	481	20,930	2.3%	477	21,442	2.2%	429	21,218	2.0%	470	21,000	2.2%	
RWJ University Hospital	259	30,706	0.8%	208	28,248	0.7%	296	32,495	0.9%	309	33,096	0.9%	367	33,486	1.1%	
Total Hudson Zipcode Discharges	57,518			51,199			52,553			51,835			51,145			(6,373)
CarePoint Health Discharges	16,253			12,862			12,356			11,375			11,010			(5,243)
Carepoint Market share	28.3%			25.1%			23.5%			21.9%			21.5%			-6.7%

Appendices

IJKG - OPCO, LLC AND SUBSIDIARIES
(d/b/a Bayonne Medical Center)

Consolidated Financial Statements
Years Ended December 31, 2021 and 2020
With Independent Auditor's Report



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ACHIEVING EXCELLENCE TOGETHER

IJKG - OPCO, LLC AND SUBSIDIARIES
(d/b/a Bayonne Medical Center)
Consolidated Financial Statements
Years Ended December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
IJKG - OPCO, LLC and Subsidiaries
(d/b/a Bayonne Medical Center)

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of IJKG - OPCO, LLC and Subsidiaries (d/b/a Bayonne Medical Center) (the Hospital), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the related consolidated statements of operations, members' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of IJKG - OPCO, LLC and Subsidiaries (d/b/a Bayonne Medical Center) as of December 31, 2021 and 2020, and the results of their operations and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

The Hospital contracts with a related-party physicians' practice group. The consolidated balance sheets include a due from its physicians' practice group of \$16,868,022 and \$17,322,096 at December 31, 2021 and 2020, respectively, and the consolidated statements of operations include related physician fees to the physicians' practice group of approximately \$15,727,127 and \$14,375,343 for the years then ended, respectively. We were unable to obtain documentation to support the collectability of the balance due from the physicians' practice group, nor were we able to reconcile the activity recorded during the year by other auditing procedures.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Hospital and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued or are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.



MITCHELL TITUS

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Mitchell Titus, LLP

June 23, 2023

IJKG - OPCO, LLC
(d/b/a Bayonne Medical Center)
Consolidated Balance Sheets
As of December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
<i>Current</i>		
Cash and cash equivalents	\$ 5,769,117	\$ 2,543,163
Net patient accounts receivable, current portion	24,996,020	24,397,468
Due from related parties, current portion	9,902,136	7,783,403
Other assets	4,219,169	3,418,056
Total current assets	44,886,442	38,142,090
Restricted cash	26,771,299	63,084,223
Net patient accounts receivable, less current portion	1,490,682	5,326,181
Investments in unconsolidated entities	1,073,831	1,073,831
Due from related parties, less current portion	16,551,035	16,844,903
Property and equipment, net	27,611,349	32,987,548
	<u>\$ 118,384,638</u>	<u>\$ 157,458,776</u>
LIABILITIES AND MEMBERS' EQUITY		
<i>Current liabilities</i>		
Accounts payable	\$ 11,756,039	\$ 13,935,774
Accrued compensation and other accrued expenses	3,748,287	3,998,622
Deferred revenue	15,015,999	33,279,696
Due to third-party payors, current portion	291,920	750,032
Term loans payable	10,067,651	10,067,651
Capital lease payable, current portion	5,440,715	3,954,960
Total current liabilities	46,320,611	65,986,735
Due to third-party payors, less current portion	15,722,723	22,471,896
Capital lease payable, less current portion	20,060,402	26,298,658
Total liabilities	82,103,736	114,757,289
COMMITMENTS AND CONTINGENCIES (Note 12)		
Members' equity	36,280,902	42,701,487
Total liabilities and members' equity	<u>\$ 118,384,638</u>	<u>\$ 157,458,776</u>

The accompanying notes are an integral part of these consolidated financial statements.

IJKG - OPCO, LLC
(d/b/a Bayonne Medical Center)
Consolidated Statements of Operations
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
REVENUE		
Net patient service revenue	\$ 133,657,138	\$ 143,720,301
Charity care subsidy	518,724	718,208
Other revenue	<u>24,048,126</u>	<u>3,977,816</u>
Total revenue	<u>158,223,988</u>	<u>148,416,325</u>
COSTS AND EXPENSES		
Salaries and wages	58,138,179	56,171,417
Fringe benefits	7,597,044	7,953,106
Physician fees	3,230,442	3,543,890
Supplies and other expenses	69,174,897	59,711,376
Interest expense	4,434,458	5,071,094
Depreciation and amortization	6,342,426	6,606,341
Other transfers – funding to physician practice groups	<u>15,727,127</u>	<u>14,375,343</u>
Total expenses	<u>164,644,573</u>	<u>153,432,567</u>
Net loss	<u>\$ (6,420,585)</u>	<u>\$ (5,016,242)</u>

The accompanying notes are an integral part of these consolidated financial statements.

IJKG - OPCO, LLC
(d/b/a Bayonne Medical Center)
Consolidated Statements of Members' Equity
For the Years Ended December 31, 2021 and 2020

Members' equity, December 31, 2019	\$ 47,717,729
Net loss	<u>(5,016,242)</u>
Members' equity, December 31, 2020	42,701,487
Net loss	<u>(6,420,585)</u>
Members' equity, December 31, 2021	<u>\$ 36,280,902</u>

The accompanying notes are an integral part of these consolidated financial statements.

IJKG - OPCO, LLC
(d/b/a Bayonne Medical Center)
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (6,420,585)	\$ (5,016,242)
<i>Adjustments to reconcile net loss to net cash (used in) provided by operating activities</i>		
Depreciation	6,342,426	6,606,341
<i>Changes in assets and liabilities</i>		
<i>Decrease (increase) in</i>		
Net patient accounts receivable	3,236,947	(1,486,341)
Due from related parties	(1,824,865)	1,830,620
Other assets	(801,113)	860,479
<i>Increase (decrease) in</i>		
Accounts payable	(2,179,735)	7,341,766
Accrued compensation and other accrued expenses	(250,335)	(1,467,209)
Deferred revenue	(18,263,697)	32,683,769
Due to third party	(7,207,285)	18,648,118
Net cash (used in) provided by operating activities	<u>(27,368,242)</u>	<u>60,001,301</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(966,227)</u>	<u>(1,310,197)</u>
Net cash used in investing activities	<u>(966,227)</u>	<u>(1,310,197)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from term loans	-	1,216,040
Repayments of term loans	-	(7,108,339)
Repayment of capital lease obligation	<u>(4,752,501)</u>	<u>(4,622,010)</u>
Net cash used in financing activities	<u>(4,752,501)</u>	<u>(10,514,309)</u>
Net (decrease) increase in cash and cash equivalents	(33,086,970)	48,176,795
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH EQUIVALENTS		
Beginning of year	<u>65,627,386</u>	<u>17,450,591</u>
End of year	<u>\$ 32,540,416</u>	<u>\$ 65,627,386</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 4,308,748</u>	<u>\$ 4,963,877</u>

The accompanying notes are an integral part of these consolidated financial statements.

IJKG - OPCO, LLC
(d/b/a Bayonne Medical Center)
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 1 DESCRIPTION OF THE ORGANIZATION

IJKG - OPCO, LLC and Subsidiaries (d/b/a Bayonne Medical Center) (the Hospital) is a wholly owned subsidiary of IJKG, LLC (IJKG). Upon the acquisition of Bayonne Medical Center (BMC) out of bankruptcy through an asset purchase agreement by IJKG, the Hospital was formed to facilitate the operations of BMC. IJKG is the sole member and manager of the Hospital and, as such, maintains certain reserved powers under the Operating Agreement. The Hospital is a licensed 278-bed acute care facility that provides inpatient and outpatient services.

Effective October 27, 2020, IJKG sold a 9.9% membership interest in the Hospital to a healthcare entity.

Bayonne RadOnc Associates, LLC (Bayonne RadOnc) is a wholly owned subsidiary of the Hospital that provides radiation oncology services.

On May 9, 2022, the majority member of Bayonne Intermediate Holdco, LLC, along with a minority owner, donated its equity in Bayonne Intermediate Holdco, LLC to CarePoint Health Systems, Inc. (Systems), a non-profit organization incorporated on November 12, 2021 for the purpose of holding the CarePoint hospitals. Systems is qualified under Internal Revenue Service Code Section 501(c)3. Bayonne Intermediate Holdco, LLC currently has one other minority owner. Effective March 2023, the New Jersey Department of Health approved the transfer of ownership to Systems.

NOTE 2 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the activities of IJKG - OPCO, LLC and its majority-owned subsidiaries (collectively, the Hospital). Interests in majority-owned subsidiaries are reported using the full consolidation method, whereby the consolidated financial statements include 100% of the assets and liabilities of the subsidiary. All material intercompany transactions have been eliminated.

NOTE 3 FINANCIAL AND LIQUIDITY CONSIDERATION

The Hospital has taken various initiatives to remain financially viable and address liquidity concerns. During 2019, the Hospital refinanced its line of credit with a financial institution by entering into both a First-Out Term Loan in the amount of \$10,000,000 and a Last-Out Term Loan in the amount of \$8,341,727 (see Note 7). In addition to providing the funds to make the final debt service payment on the line of credit (\$2,162,840), the term loans provided a \$16,178,887 cash infusion to the Hospital. On November 20, 2020, the Hospital paid in full the outstanding balance on the First-Out Term Loan and has modified the financing arrangement for the Last-Out Term Loan, extending the maturity date to

NOTE 3 FINANCIAL AND LIQUIDITY CONSIDERATION *(continued)*

February 1, 2022. The Hospital has entered into a consulting agreement with a healthcare entity to focus on initiatives to lower expenses through a reduction of employment levels and renegotiation of significant contracts and generate additional revenue through new business and the enhancement of existing service lines. The same healthcare entity has purchased a 9.9% membership interest in the Hospital with a Certificate of Need application filed with the State of New Jersey for an additional 39.1% membership interest (see Note 15). Lastly, the Hospital has received payments of \$43,583,000 from the general stimulus and safety net distributions of the Provider Relief Fund (PRF) from the U.S. Department of Health and Human Services (HHS) as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (see Note 15). The funds received from HHS are subject to specific terms, conditions, and audit by HHS. Noncompliance with any of the terms or conditions is grounds for HHS to recoup some or all of the payments received by the Hospital. For the year ended December 31, 2022, the Hospital has projected earnings before interest, taxes, depreciation, and amortization of \$10,475,000 and at the time of the issuance of these consolidated financial statements, the Hospital has cash on hand of \$10,546,000 as of March 31, 2023.

On December 11, 2020, the current lessor of the land and building of BMC (see Note 8) issued a notice of default and termination letter purporting to terminate the lease as of December 31, 2020, based on certain alleged defaults under the capital lease agreement. The Hospital is and has been consistently current in its lease payments on the land and building, disputes the alleged defaults and objects to the current lessor's effort to terminate the lease and exercise rights thereunder. The Hospital and the lessor are in litigation in Delaware Chancery Court concerning, among other things, whether the Hospital is in default under the capital lease agreement and in eviction proceedings. In addition to the issues related to the lease default and termination, the Hospital asserts numerous additional claims against the lessor and its affiliates. The Hospital remains in possession of the premises. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Hospital's consolidated financial position, results of operations, or liquidity.

NOTE 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements of the Hospital have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). In the consolidated balance sheets, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

NOTE 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and Cash Equivalents

The Hospital considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents, with the exception of amounts required by financing arrangements with a financial institution to issue letters of credit.

Cash, cash equivalents and restricted cash consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Cash	\$ 5,769,117	\$ 2,543,163
Restricted funds by financing arrangements	<u>26,771,299</u>	<u>63,084,223</u>
	<u>\$ 32,540,416</u>	<u>\$ 65,627,386</u>

Fair Value Measurements

Professional standards establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as the Hospital would use in pricing the Hospital's asset or liability based on independently derived and objectively determinable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of the Hospital are traded. The Hospital estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants who have investments in the same or similar assets would use, as determined by the money managers administering each investment based on best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1: Valuation is based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2: Valuation is based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly.

NOTE 4 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Fair Value Measurements

Level 3: Valuation is based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

Net Patient Accounts Receivable

Net patient accounts receivable are reported at estimated net realizable value. Management's estimate of net realizable value is based on historical collection patterns and does not distinguish between contractual allowances and allowances for doubtful accounts. Individual patient accounts are written off when they are determined to be uncollectible based upon management's periodic review of the accounts receivable aging, payor classifications and application of historical write-off percentages.

Net patient accounts receivable consist primarily of balances due from third-party insurers for services to patients. Management performs periodic analyses to evaluate the net realizable value of accounts receivable. These estimates were calculated based on the Hospital's previous subsequent collections history and ongoing collection efforts. The timing of collections and the ultimate amounts collected may materially differ from such estimates. The Hospital does not impute interest on its accounts receivable.

The Hospital's experience indicates that the normal collection cycle for certain accounts extends beyond 12 months. Accordingly, the estimate of accounts expected to settle after 12 months from the consolidated balance sheet dates are classified as noncurrent assets.

Investments in Unconsolidated Entities

The Hospital records its investment in unconsolidated entities, using the cost method of accounting where its investment is less than 20%. Any earnings distributions received are included in the net income or loss during the year. The Hospital has other insignificant related party investments (See Note 13) that are not accounted for in accordance with U.S. GAAP.

NOTE 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property and Equipment

Property and equipment are recorded at their aggregate purchase cost, apportioned to individual assets on the basis of fair market value at the date of acquisition. Depreciation is provided over the estimated useful life for each class of depreciable asset and is computed using the straight-line method. The estimated useful lives of various asset classes are as follows:

	<u>Years</u>
Building and building improvements	5-15
Fixed equipment	10
Major moveable equipment	5-7

Impairment of Long-Lived Assets

Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 360-10-35, *Accounting for the Impairment or Disposal of Long-Lived Assets*, requires the Hospital to review long-lived assets, such as property and equipment or intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. As of December 31, 2021 and 2020, the Hospital did not recognize any impairment.

Revenue Recognition

Net operating revenues are recognized in the period services are performed and consist primarily of net patient service revenue that is reported at estimated net realizable amounts from patients, third-party payors and others for services rendered, including retroactive adjustments under reimbursement agreements with third-party payors. Retroactive reimbursement adjustments are estimated in the period in which the related services are rendered and adjusted in future periods as final settlements are determined. Payment arrangements with third-party payors include prospectively determined rates per discharge, reimbursed costs, charges, discounted charges and per diem payments.

NOTE 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income Taxes

As a limited liability company, the net income of the Hospital passes through to the tax returns of the respective owners and income tax expense is not reported as an element of expense in the Hospital's consolidated financial statements. In addition, the Hospital has not taken an uncertain tax position that would require provision of a liability in accordance with U.S. GAAP.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Concentration of Credit Risk

The Hospital is located in the state of New Jersey. The Hospital extends credit based on financial condition for all customers without collateral, most of whom are local residents and are insured under various third-party payor insurance carriers. Credit losses are provided for in the consolidated financial statements and consistently have been within management's expectations.

The mix of receivables from primary payor sources, including patients and third parties, is as follows:

	<u>%</u> 2021	<u>%</u> 2020
Medicare	20.5	24.4
Medicaid	12.2	5.9
Other third-party payors	67.3	69.7

Financial instruments that potentially subject the Hospital to concentrations of credit risk consist primarily of cash and cash equivalents in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits. At various times during the year, the Hospital may have cash deposits at financial institutions in excess of FDIC insurance limits. These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal.

NOTE 4 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Recently Adopted Accounting Standard

Revenue from Contracts with Customers

During fiscal year 2021, the Hospital adopted FASB ASU 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 eliminated transaction- and industry-specific revenue recognition guidance under current U.S. GAAP and replaced it with a principle-based approach for determining revenue recognition. ASU 2014-09 requires an entity to recognize revenue based on the value of transferred goods or services as they occur in the contract. ASU 2014-09 also required additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The majority of the Hospital's revenue is generated via net patient service revenue for providing quality healthcare services to the public. Revenue is earned as performance of this service is accomplished on a yearly basis. Based on the above, the adoption of ASU 2014-09 has no impact on the current revenue recognition policies.

Recent Accounting Pronouncements Issued but Not Yet Adopted

Leases

On February 25, 2016, the FASB issued ASU 2016-02, *Leases*, which will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, the lease. The FASB issued ASU 2020-05, which deferred the effective date until annual periods beginning after December 15, 2021. Management is currently evaluating the impact of this ASU on the consolidated financial statements.

NOTE 5 NET PATIENT SERVICE REVENUE

The Hospital has agreements with Medicare, Medicaid and other third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with third-party payors is as follows:

Medicare

Under the Medicare program, the Hospital receives reimbursement under a prospective payment system for inpatient and outpatient services. The Hospital's reimbursements from Medicare are subject to certain variations under Medicare's single bundled payment rate system, whereby reimbursements can be adjusted for certain patient characteristics and other factors. Federal regulations provide for certain adjustments to current and prior years' payment rates, based on industry-wide and hospital-specific data. The Hospital has been audited and received final settlements on its Medicare cost reports through 2019 and tentative settlements through 2021.

Non-Medicare Payments

Services rendered to Medicaid program beneficiaries are paid at prospectively determined rates that vary based on clinical, diagnostic, and other factors. Revenues associated with commercial health plans and health maintenance organizations are based on contractual terms. Non-contracted health plan revenues are based on historical collection experience.

Regulations and Reimbursement Contingencies

Regulations require annual retroactive settlements for cost-based reimbursements through cost reports filed by the Hospital. These retroactive settlements are estimated and recorded in the consolidated financial statements in the year in which they become known. The estimated settlements recorded at December 31, 2021 and 2020 could differ from actual settlements based on the results of the cost report audits.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The Hospital is not aware of any allegations of noncompliance that could have a material adverse effect on the accompanying consolidated financial statements and believes it is in compliance, in all material respects, with the applicable laws and regulations. Action for noncompliance could result in repayment of amounts improperly reimbursed, fines, penalties and exclusion from Medicare and Medicaid programs.

IJKG - OPCO, LLC
(d/b/a Bayonne Medical Center)
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 6 PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consisted of the following:

	<u>2021</u>	<u>2020</u>
Building	\$ 62,662,124	\$ 62,662,124
Building improvements	3,894,938	3,894,938
Fixed equipment	14,291,950	14,286,172
Major moveable equipment	42,885,927	41,905,021
Construction-in-progress	<u>3,242,797</u>	<u>3,263,253</u>
	126,977,736	126,011,508
Less: Accumulated depreciation	<u>(99,366,387)</u>	<u>(93,023,960)</u>
Property and equipment, net	<u><u>\$ 27,611,349</u></u>	<u><u>\$ 32,987,548</u></u>

During 2021 and 2020, the Hospital had property and equipment additions of \$966,227 and \$1,310,197, respectively.

The Hospital is obligated under capital leases covering building and equipment that expire at various dates over the next 6 years. The gross amount of building and equipment and related accumulated depreciation recorded under capital leases were as follows:

	<u>2021</u>	<u>2020</u>
Building	\$ 62,662,124	\$ 62,662,124
Major moveable equipment	<u>10,980,835</u>	<u>10,980,835</u>
	73,642,959	73,642,959
Less: Accumulated depreciation	<u>(56,632,742)</u>	<u>(52,266,085)</u>
	<u><u>\$ 17,010,217</u></u>	<u><u>\$ 21,376,874</u></u>

NOTE 7 TERM LOANS PAYABLE

On June 26, 2019, the Hospital entered into a First-Out Term Loan and Last-Out Term Loan (collectively, the credit agreement) in the aggregate amount of \$18,341,726, consisting of a) a senior secured multi-draw term loan facility in an aggregate amount of \$10,000,000 funded by a lender (First-Out Term Loan) and a secured multi-draw term loan facility in an aggregate principal amount of \$8,341,727 funded by a private group (Last-Out Term Loan).

IJKG - OPCO, LLC
(d/b/a Bayonne Medical Center)
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 7 TERM LOANS PAYABLE *(continued)*

Both the First-Out Term Loan and the Last-Out Term Loan require no amortization and have a stated maturity date of 12 months. During the term of the credit agreement, interest on the First-Out Term Loan accrues at 12.00% and is payable in cash monthly in arrears. Interest accrues on the Last-Out Term Loan at 12.50% and is capitalized and thereafter treated as principal.

On November 30, 2020, the Hospital paid in full the outstanding balance on the First-Out Term Loan and was concurrently released from all related obligations and commitments. The transaction had no effect on the Last-Out Term Loan obligations, liens, security interests and other encumbrances granted to the private group. On January 20, 2021, the Hospital modified the financing arrangement for the Last-Out Term Loan extending the maturity date to February 1, 2022.

NOTE 8 CAPITAL LEASE OBLIGATIONS

The Hospital leases a building and equipment under capital leases that expire at various dates through November 2026. The leases, which are secured by the underlying assets, require monthly payments of principal with interest rates ranging from 8% to 10% per year. The schedule of future minimum lease payments, including interest under the term of the leases, together with the present value of the net minimum lease payments, is as follows as of December 31, 2021.

<u>Year Ending</u>	<u>Amounts</u>
2022	\$ 8,599,029
2023	8,599,029
2024	8,599,029
2025	8,599,029
Thereafter	<u>1,004,517</u>
Total minimum lease payments	35,400,633
Less: Amount representing interest	<u>(9,899,516)</u>
Present value of net minimum lease payments	25,501,117
Less: Current portion	<u>(5,440,715)</u>
	<u>\$ 20,060,402</u>

The Hospital is required to comply with certain covenants under its major lease agreement, one of which is timely annual audited consolidated financial statements, which have not been provided according to that timeline.

NOTE 9 OPERATING LEASES

The Hospital has entered into various operating lease agreements for equipment expiring in varying years through 2025. Rental expense for the years ended December 31, 2021 and 2020 were \$3,062,996 and \$2,299,871, respectively.

Future minimum payments on noncancelable leases are:

<u>Years Ending</u>	<u>Amount</u>
2022	\$ 3,707,592
2023	2,872,861
2024	710,977
2025	<u>52,553</u>
Total	<u>\$ 7,343,983</u>

NOTE 10 CHARITY CARE

The Hospital provides services without charge, or at amounts less than its established rates, to patients who meet the criteria of its charity care policy. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, such services are not reported as revenue.

The estimated cost of charity care provided was \$3,347,041 and \$3,963,460 for the years ended December 31, 2021 and 2020, respectively. The estimated cost of charity care is based on the ratio of cost-to-charges, as determined by hospital-specific data.

The Charity care subsidy received from the State of New Jersey was \$518,724 and \$718,208 for the years ended December 31, 2021 and 2020, respectively.

NOTE 11 MALPRACTICE CONTINGENCIES

Effective June 15, 2014, the Hospital is covered on a claims-made basis by CarePoint Health Captive Assurance Company, LLC (the Captive), a related captive insurance provider. For the period September 1, 2019 through August 31, 2021, retention was \$250,000 per claim and \$750,000 in the aggregate; September 1, 2021 through August 31, 2022, retention changed to \$250,000 per claim and \$1,250,000 in the aggregate. The aggregate is shared with related healthcare providers HUMC-Opco, LLC and Hudson Hospital Opco, LLC, such that losses from all three entities would erode the aggregate deductible. The Hospital has also purchased excess coverage of up to \$15,000,000 from the Captive with limits being shared among all three entities. The Captive reinsures 100% for the limits of the excess liability coverage.

IJKG - OPCO, LLC
(d/b/a Bayonne Medical Center)
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 11 MALPRACTICE CONTINGENCIES *(continued)*

Estimated malpractice liabilities are based upon actuarial valuation of the estimated effect of probable loss contingencies and determined policy deductibles. In the opinion of management, the final disposition of such claims will be within the available insurance coverage and will not have a material adverse effect on the Hospital's consolidated financial position, results of operations or liquidity.

NOTE 12 RETIREMENT PLAN

The Hospital sponsors a voluntary 401(k) profit-sharing plan (the Plan). All employees of the Hospital are eligible to participate in the Plan. Employees can contribute any amount of their compensation each pay period subject to annual limits imposed by the Internal Revenue Service and additional limits imposed by law. The employees' accounts are fully and immediately vested from their date of participation in the Plan. The Hospital also makes employer matching contributions to all eligible employees who have completed one year of service. However, the employer matching contribution is discretionary and based on the financial performance of the Hospital for the year. During both years ended December 31, 2021 and 2020, the maximum allocation that a participant can receive is 3% of the participant's compensation, respectively. Total employer contributions payout for the years ended December 31, 2021 and 2020 was \$571,961 and \$691,000, respectively.

NOTE 13 RELATED-PARTY TRANSACTIONS

Due from (to) Related Parties

Amounts due from (to) related parties are as follows:

	<u>2021</u>	<u>2020</u>
Jersey Health Alliance, LLC	\$ 16,868,022	\$ 17,322,096
CarePoint Health Management Associate:	6,522,783	5,187,625
Sequoia Healthcare Management, LLC	390,326	390,326
Quality Care Associates, LLC	3,338,178	2,324,439
Other related parties	333,862	403,820
	<u>\$ 27,453,171</u>	<u>\$ 25,628,306</u>
IJKG Holdco	<u>\$ (1,000,000)</u>	<u>\$ (1,000,000)</u>
	<u>\$ (1,000,000)</u>	<u>\$ (1,000,000)</u>

NOTE 13 **RELATED-PARTY TRANSACTIONS** *(continued)*

Reserve for Related-Party Receivable

The Hospital analyzed the amounts due from related parties relative to the ability of the Hospital to collect amounts due. This review resulted in a reserve required, not related to the operations of the Hospital, in the amount of \$20,843,771 against the receivable from Hudson Hospital Opco, LLC, which the Hospital adjusts to effectively maintain the carrying value of \$0. This reserve is reviewed and adjusted periodically. The Hospital retains its rights to collect amounts due from Hudson Hospital Opco, LLC, should its financial situation change in the future.

Investment in McCabe Ambulance Services, Inc.

On November 1, 2013, the Hospital, along with other related entities, entered into a stock purchase agreement to attain ownership of McCabe Ambulance Services, Inc. (McCabe). McCabe is a comprehensive provider of emergency medical services, including both emergency and non-emergency ambulance transportation services. The Hospital invested \$1,441,731, which equated to ownership of approximately 23% of McCabe's outstanding stock. The investment is recorded in investments in unconsolidated entities in the accompanying consolidated balance sheets. While U.S. GAAP requires the equity method of accounting be used, management views the investment in McCabe as strategic and the services provided critical to Hospital operations. Some of the operating losses of McCabe have not been recorded against the investment in an effort to show the intrinsic value of McCabe.

Investment in Dialysis venture

On June 11, 2018, the Hospital entered into a contribution agreement with a medical provider to obtain a 10% interest in a joint venture for the provision of outpatient dialysis services. The investment in the amount of \$334,513 is accounted for using the cost method of accounting and is included in investments in unconsolidated entities in the accompanying consolidated balance sheets.

Practice Management

The Hospital provided advances to Jersey Health Alliance, LLC (JHA), predecessor to Quality Care Associates, LLC (collectively, Practice Management), related to the Hospital through ownership. These advances include the provision for working capital needs of the physician groups managed by Practice Management. These groups include Garden State Healthcare Associates LLC, which employs all of the traditional hospital-based physician specialties working full-time at the Hospital, and New Jersey Medical and Health Associates LLC (d/b/a CarePoint Health Medical Group), which employs physicians that provide primary and specialty care to the Hospital's patients primarily in offices located in Hudson and nearby counties.

NOTE 13 RELATED-PARTY TRANSACTIONS *(continued)*

Practice Management *(continued)*

The Hospital believes that the services provided by Practice Management have been beneficial to both the Hospital and its patients. Practice Management is a management service organization formed to provide both healthcare and technology expertise to affiliated physician groups, as discussed below under Quality Care Associates, LLC. There is no contract in place with Practice Management covering any funding process.

The Hospital and Practice Management have entered into agreements defining the method of repayment of advances made to JHA by the Hospital. These agreements include interest at an annual rate of 4.94%.

To secure the payment and performance in full, mandated by the agreements, they are collateralized by a continuing security interest in and lien upon all of its right, title, and interest in the patient accounts receivable of Practice Management.

The following is a schedule of maturities of the loans receivable:

<u>Year Ending</u>	<u>Amounts</u>
2022	\$ 1,119,072
2023	1,119,072
2024	<u>16,707,868</u>
Total minimum note payments	18,946,012
Less: Amount representing interest	<u>(2,101,109)</u>
Present value of net minimum note payments	16,844,903
Less: Current portion	<u>(293,868)</u>
	<u>\$ 16,551,035</u>

Management Agreement

The Hospital has entered into a management service agreement with Sequoia Healthcare Management, LLC, which has a common majority ownership as the parent company of the Hospital. The manager is responsible for the operations and economics of the Hospital in compliance with all applicable laws, statutes, ordinances, and regulations. In return for these services, the Hospital pays a management fee of 4% of net patient service revenue. As of July 2019, the Hospital ceased accruing and paying the management fee. For both years ended December 31, 2021 and 2020, management fees payable was \$390,326.

NOTE 13 RELATED-PARTY TRANSACTIONS *(continued)*

CarePoint Health Management Associates

CarePoint Health Management Associates (CarePoint) is related through ownership and provides administrative and accounting services, including revenue cycle, financial reporting, payroll, accounts payable, etc. to the Hospital. The Hospital pays a professional services fee based on operating expenses which is approximately 27% of CarePoint's annual expenses. The amounts charged to the Hospital for these services were \$10,281,968 and \$13,028,323 for the years ended December 31, 2021 and 2020, respectively. At December 31, 2021 and 2020, \$6,522,738 and \$5,187,625, respectively, were due from CarePoint.

Quality Care Associates, LLC

Quality Care Associates, LLC (Quality) is related through ownership and provides revenue cycle, office staff and other administrative functions to CarePoint Health Medical Group and Garden State Healthcare Associates, LLC, among others (collectively, Physician Practice Groups). The Hospital has committed to varying levels of subsidy to Quality to cover the monthly expenses of the Physician Practice Groups, when their expenses exceed cash collections. The Physician Practice Groups are not related to the Hospital through direct ownership. Carepoint Health Medical Group has an unwritten agreement with the Hospital to exclusively provide physician services that support patient care at specialty and primary care locations. The Hospital transferred funds totaling \$15,727,127 and \$14,375,343 to Quality during the years ended December 31, 2021 and 2020, respectively, which are included in the consolidated statements of operations as other transfers – funding to Physician Practice Groups. The debt holders do not consider these payments to be a violation of any of the debt covenants. At December 31, 2021 and 2020, \$3,338,178 and \$2,324,439, respectively, was due from CarePoint.

NOTE 14 COMMITMENTS AND CONTINGENCIES

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations is subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which would result in the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Even if the Hospital was to ultimately prevail, a significant governmental inquiry or action under one of the above laws, regulations or rules could have a material adverse impact. The Hospital is involved in various other claims and legal actions arising in the ordinary course of its business.

NOTE 14 COMMITMENTS AND CONTINGENCIES *(continued)*

In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Hospital's consolidated financial position, results of operations, or liquidity.

NOTE 15 RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the novel coronavirus (COVID-19) a global pandemic. The COVID-19 pandemic substantially impacted the global economy, including significant volatility in financial markets. As a result of the COVID-19 pandemic, patient volumes and associated patient net revenues at the Hospital were significantly reduced in the months of March through June 2020 when elective procedures were suspended. The Hospital began experiencing gradual and continued improvement in patient volumes in late June as stay-at-home restrictions were eased and hospitals were permitted to resume elective surgeries and procedures.

The full impact that the pandemic will have on the Hospital's financial condition, liquidity, and future results of operations remains uncertain. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.

On March 27, 2020, then President Trump signed into law the CARES Act. The CARES Act, among other things, authorized \$100 billion in funding to hospitals and other healthcare providers to be distributed through the Provider Relief Fund (PRF). These funds are not required to be repaid, provided the recipients attest to, and comply with, certain terms and conditions, including among other things, that the funds are being used for lost operating revenues and COVID-19-related expenses.

HHS initially distributed \$30 billion of this funding based on each provider's share of total Medicare fee-for-service reimbursement in 2019.

Subsequently, HHS distributed an additional \$20 billion in CARES Act funding based on an allocation proportional to the providers' share of 2018 net patient revenue. Distributions of the additional \$50 billion were targeted primarily to hospitals in COVID-19 high-impact areas, to rural providers, safety net hospitals, skilled nursing facilities and to reimburse providers for COVID-19-related treatment of uninsured patients. During the calendar years 2021 and 2020, the Hospital received payments of \$44,078,000 from the general stimulus and safety net distributions of the PRF. The funds received from HHS are subject to specific terms, conditions, and audit by HHS. Noncompliance with any of the terms or conditions is grounds for HHS to recoup some or all of the payments received by the Hospital. Management has attested that the funds are being used appropriately and believes it has complied with the terms and conditions.

NOTE 15 **RISKS AND UNCERTAINTIES** *(continued)*

The CARES Act also made other forms of financial assistance available to healthcare providers, including through Medicare and Medicaid payment adjustments and an expansion of the Medicare Accelerated and Advanced Payment Program, which made available accelerated payments of Medicare funds in order to increase cash flow to providers. The Hospital received \$20,871,000 of advance payments, which were recorded as a liability given that Medicare applied these funds to claims as they were adjudicated between April 2021 and September 2022.

On September 19, 2020, HHS issued a Post-Payment Notice of Reporting Requirements for the PRF that were disbursed under the CARES Act. This notice changed guidance that had previously been communicated in June and July 2020. Key differences include introduction of the concept of calendar year measurement as opposed to quarterly measurement, the requirement to first apply stimulus monies received to healthcare-related expenses attributable to COVID-19 (net of reimbursements from other sources), and change (negative change comparing 2020 over 2019) from lost revenues as defined as net patient care operating income net of healthcare-related expenses previously applied.

On January 15, 2021, HHS issued a Reporting Requirements Policy Update reverting back to the initial definition of lost revenues. These changing requirements may result in a change in the amount of CARES Act stimulus funds that the Hospital will be able to retain based on the terms and conditions. The Hospital had until June 30, 2021 to use the PRF toward expenses attributable to COVID-19 and complied with the requirement. The Hospital has reported the use of PRF payments by submitting healthcare-related expenses attributable to the coronavirus that another source has not reimbursed and believes is not obligated to repay PRF amounts. The Hospital chose to apply PRF payments toward lost revenue based on the difference between 2020 budgeted and actual patient care revenue and incremental COVID-19-related expenses.

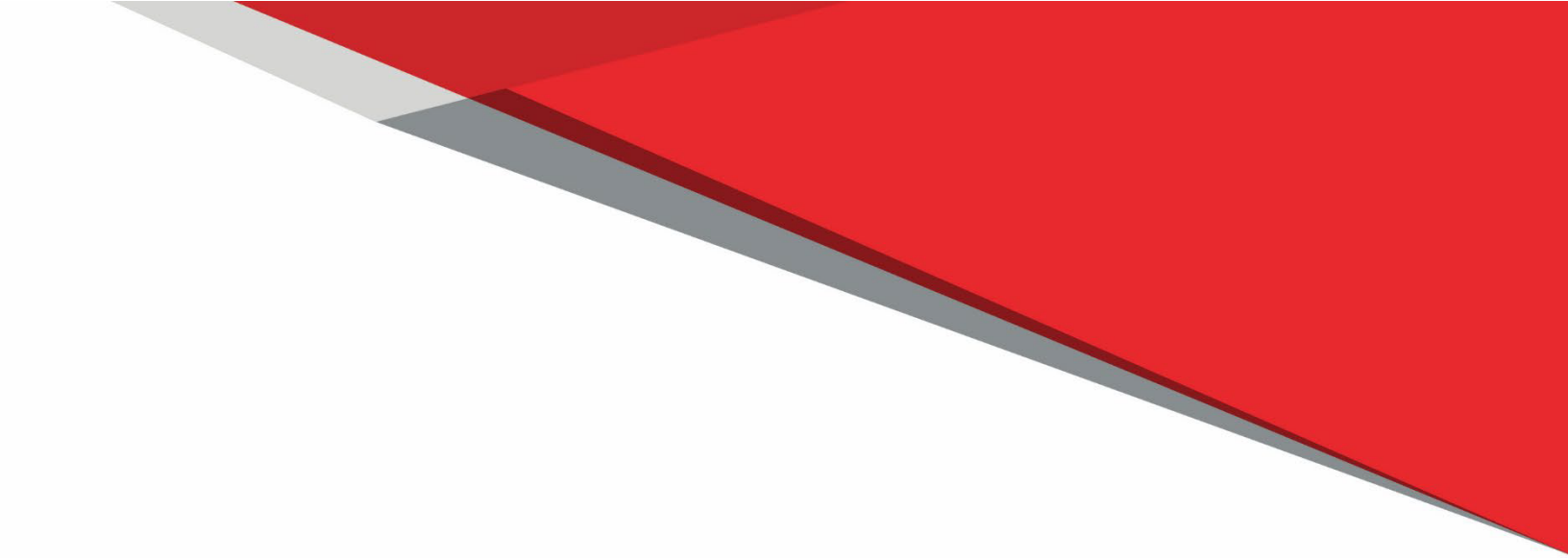
NOTE 16 **MINORITY INTEREST**

On June 1, 2020, the Hospital entered into an Asset Purchase and Sale Agreement with a healthcare entity. Under the agreement, the healthcare entity desires to acquire a less than majority interest in the assets of the Hospital and to assume certain related liabilities. The agreement requires approval by the New Jersey Department of Health. On October 27, 2020, the same healthcare entity purchased a 9.9% membership interest in the Hospital for \$1,000,000 and has a Certificate of Need filed with the New Jersey Department of Health for an additional 39.1% membership interest.

IJKG - OPCO, LLC
(d/b/a Bayonne Medical Center)
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 17 SUBSEQUENT EVENTS

The Hospital has performed subsequent event procedures through June 23, 2023, which is the date when the consolidated financial statements were available to be issued. There were no other subsequent events requiring adjustment to the financial statements or disclosures.



IJKG Opco, LLC

IJKG Opco, LLC- Bayonne Hospital Center

IJKG Propco, LLC

Bayonne Radonc Associates LLC

CONSOLIDATED

FINANCIAL STATEMENTS

DECEMBER 2022

** New lease standard is not reflected on this version*

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

	31-Dec 2022	31-Dec 2021
Assets	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Current Assets:		
Cash and cash equivalents - Unrestricted	187	5,769
Cash and cash equivalents - Restricted	8,101	26,771
Net Patient accounts receivable	36,977	26,487
Investments	1,074	1,074
Other receivables	0	0
Due From Related Party	14,278	26,453
Inventory & Other Assets	3,384	2,483
Prepaid expenses	305	1,736
<i>Total current assets</i>	<u>64,305</u>	<u>90,773</u>
Intangible Assets		-
Property and equipment, net	22,150	27,611
Total Assets, Deferred Cost & Equipment	<u>22,150</u>	<u>27,611</u>
Total Assets	<u>\$ 86,455</u>	<u>\$ 118,384</u>
 Liabilities and Member's Equity		
Current Liabilities:		
Current portion of Capitalized leases	4,203	5,712
Accounts payable and accrued expenses	21,038	11,756
Malpractice Reserve		-
Accrued Compensation	4,183	3,748
Benefits Payable-Current Portion		-
Due to Related Party		(0)
Loan Payable - MAPLE	10,068	10,068
Loan Payable - CAPITALA	3,002	-
Line of credit - CAPSOURCE		-
Deferred Revenue	299	15,016
Accrued interest payable		-
Due to Third Party-Current Portion	618	292
<i>Total current liabilities</i>	<u>43,411</u>	<u>46,592</u>
Long Term Liabilities:		
Capital Lease Payable, less current portion	15,784	19,789
Long Term Debt, less current portion		
Due to Third Party, less current portion	4,933	15,723
Benefits Payable, less current portion		
Long-term debt, less current portion		
<i>Total liabilities</i>	<u>64,128</u>	<u>82,104</u>
Member's Equity:		
Member's Equity (Net)	22,328	36,281
<i>Total Member's Equity</i>	<u>22,328</u>	<u>36,281</u>
Total Liabilities and Member's Equity	<u>\$ 86,455</u>	<u>\$ 118,384</u>

JJKG OPCO, LLC d/b/a Bayonne Hospital Center
Statement of Operations (unaudited)
(in thousands)

Month ended December 31, 2022						
Actual	%	Budget	%	Variance	PY-2021	%
13,906	92.72%	15,808	99.53%	(1,902)	9,040	87.12%
1,048	6.99%	37	0.23%	1,012	1,299	12.52%
44	0.29%	38	0.24%	6	38	0.36%
14,998	100.00%	15,882	100.00%	(884)	10,377	100.00%
5,588	37.26%	4,917	30.96%	(672)	5,765	55.56%
8,224	54.83%	6,959	43.82%	(1,265)	8,868	85.47%
965	6.43%	806	5.07%	(159)	369	3.55%
				-		
14,777	98.53%	12,682	79.85%	(2,095)	15,002	144.58%
221	1.47%	3,200	20.15%	(2,979)	(4,626)	-44.58%
1.47%					-44.58%	
-	0.00%	(40)	-0.25%	(40)	(817)	-7.87%
407	2.71%	369	2.32%	(38)	245	2.36%
605	4.03%	516	3.25%	(89)	470	4.53%
1,011	6.74%	845	5.32%	(167)	(102)	-0.98%
(790)	-5.27%	2,355	14.83%	(3,146)	(4,524)	-43.60%
	0.00%	-	0.00%	-		0.00%
-		-		-	-	
(790)	-5.27%	2,355	14.83%	(3,146)	(4,524)	-43.60%

YTD Ended December 31, 2022							
Actual	%	Budget	%	Variance	PY-2021	%	
Operating Revenues							
Net patient service revenue	142,749	86.97%	159,880	97.91%	(17,131)	133,657	85.29%
Other operating revenue	20,900	12.73%	2,953	1.81%	17,947	22,540	14.38%
Charity Care	489	0.30%	452	0.28%	37	519	0.33%
Total Revenues	164,138	100.00%	163,285	100.00%	853	156,716	100.00%
Operating Expenses							
Salaries and wages	66,467	40.49%	57,734	35.36%	(8,733)	58,138	37.10%
Supplies/Other Expenses	90,535	55.16%	85,589	52.42%	(4,945)	88,132	56.24%
Employee benefits	10,362	6.31%	9,486	5.81%	(876)	7,597	4.85%
Provision for doubtful accounts					-		
Total Operating Expenses before Int, Depr, Amort & Lease	167,364	101.97%	152,809	93.58%	(14,554)	153,868	98.18%
Operating Income / (Loss) before Int, Depr, Amort & Lease	(3,226)	-1.97%	10,475	6.42%	(13,701)	2,848	1.82%
Lease							
Affiliated Interest Income (Expense)	(208)	-0.13%	(485)	-0.30%	(277)	(1,508)	-0.96%
Interest Expense	4,704	2.87%	4,431	2.71%	(273)	4,434	2.83%
Depreciation and Amortization	6,231	3.80%	6,193	3.79%	(38)	6,342	4.05%
Total Int, Depr, Amort & Lease	10,727	6.54%	10,139	6.21%	(589)	9,269	5.91%
Total Operating Income / (Loss)	(13,953)	-8.50%	337	0.21%	(14,290)	(6,421)	-4.10%
Minority Interest		0.00%		0.00%	-		0.00%
Total Minority Interest	-		-		-	-	
Net Income (Loss)	(13,953)	-8.50%	337	0.21%	(14,290)	(6,421)	-4.10%

Note: Provision for Doubtful Accounts was included as an offset to revenue rather than as an expense.

IJKG OPCO LLC (CONSOLIDATED)
STATEMENT OF CASH FLOWS (unaudited)
As of December 31, 2022
(\$ thousands)

	MTD December-22 <u>IJKG Opco LLC</u>	YTD December-22 <u>IJKG Opco LLC</u>
Cash Flows From Operating Activities:		
Income/(loss) from operations	\$ (790)	\$ (13,953)
Adjustments to reconcile increase in net assets to cash provided by operating activities:		
Depreciation & Amortization	\$ 605	\$ 6,231
Prior Period Adjustments		
Gain on Sales		
Change in operating assets and liabilities:		
(Increase)/decrease in patient accounts receivable	\$ (1,719)	\$ (10,490)
(Increase)/decrease in other receivables	\$ -	\$ -
(Increase)/decrease in prepaid expenses and deposits	\$ 160	\$ 1,431
(Increase)/decrease in Due From Related Party (Other Receivable)	\$ 1,942	\$ 12,175
(Increase)/decrease in inventory and other assets	\$ (615)	\$ (901)
(Increase)/decrease in Deferred Charges	\$ -	\$ -
Increase/(decrease) in accounts payable, and other accrued expenses	\$ 1,475	\$ 9,282
Increase/(decrease) in Due to Related Party	\$ -	\$ -
Increase/(decrease) in Deferred Revenue	\$ (44)	\$ (14,717)
Increase/(decrease) in accrued compensation	\$ (367)	\$ 434
Increase/(decrease) in benefit payable	\$ -	\$ -
Increase/(decrease) in accrued interest payable	\$ -	\$ -
Increase/(decrease) in estimated third-party payer settlements	\$ (1,602)	\$ (10,464)
Increase/(decrease) in other liabilities (Malpractice)	\$ -	\$ -
<i>Net cash provided by/(used in) operating activities</i>	<u>\$ (955)</u>	<u>\$ (20,971)</u>
Cash Flows From Investing Activities:		
Acquisitions of JV	\$ -	\$ -
Intangible Assets	\$ -	\$ -
Gain on Sales	\$ -	\$ -
Acquisitions of property, plant, and equipment	\$ (29)	\$ (770)
<i>Net cash provided by/(used in) investing activities</i>	<u>\$ (29)</u>	<u>\$ (770)</u>
Cash Flows From Financing Activities:		
Capital Contributions	\$ -	\$ -
Proceeds from Financing, net of payments (Maple)	\$ -	\$ -
Proceeds from Financing, net of payments(B.Riley FBR)	\$ 1	\$ 3,002
Proceeds from line of credit, net of payments	\$ -	\$ -
Proceeds from long-term debt	\$ -	\$ -
Principal payments of long-term debt	\$ -	\$ -
Payment of Dividends	\$ -	\$ -
Repayment of capital lease obligation	\$ (420)	\$ (5,514)
<i>Net cash provided by/(used in) financing activities</i>	<u>\$ (419)</u>	<u>\$ (2,512)</u>
Net increase/(decrease) in cash and cash equivalents	\$ (1,402)	\$ (24,252)
Cash and cash equivalents at beginning of period	\$ 9,690	\$ 32,540
Cash and cash equivalents at end of period	<u>\$ 8,288</u>	<u>\$ 8,288</u>

IJKG OPCO LLC
December 2022 Expense Comparison
December 2022 vs. December 2022 Budget

Type	Dec-22 <u>ACTUAL</u>	Dec-22 <u>BUDGET</u>	Dec-22 <u>VARIANCE</u>	Dec-22 <u>YTD ACTUAL</u>	Dec-22 <u>YTD BUDGET</u>	Dec-22 <u>YTD VARIANCE</u>
Salaries and Wages	4,357,588	4,438,210	80,622	52,331,410	52,256,345	75,065
Contract Labor	1,230,881	478,650	(752,231)	14,135,264	5,477,389	8,657,875
Salaries, Wages and Contract Labor	5,588,469	4,916,860	(671,609)	66,466,674	57,733,734	8,732,940
Policy Fringe Benefits	530,011	387,806	(142,205)	5,576,822	4,566,103	1,010,719
Taxes	434,548	417,864	(16,683)	4,785,477	4,920,016	(134,539)
Total Fringe Benefits	964,559	805,670	(158,889)	10,362,300	9,486,119	(876,180)
Consulting Fees/Purch Services	893,779	982,302	88,522	10,419,054	12,202,719	1,783,665
Billing Fees-Ensemble	377,756	294,430	(83,327)	4,109,945	4,260,870	150,925
Physician Related	378,600	248,340	(130,260)	4,028,839	2,980,086	(1,048,753)
Physician Related-Quality	1,361,529	1,278,868	(82,661)	14,448,422	16,903,442	2,455,020
Property Taxes	94,885	98,911	4,026	1,141,030	1,186,933	45,903
Medical Surgical Supplies	2,575,130	1,701,358	(873,772)	29,817,583	20,416,294	(9,401,289)
Liability and W/C Insurance	337,651	290,404	(47,247)	3,099,632	3,237,694	138,062
Rent, Maintenance, Repairs	336,226	382,625	46,400	4,663,465	4,591,502	(71,963)
Utilities	224,615	181,366	(43,249)	2,855,306	2,135,440	(719,866)
Pharmaceuticals	457,217	365,116	(92,101)	2,782,594	4,417,569	1,634,974
Management Fee	786,256	791,642	5,386	10,451,746	9,499,698	(952,047)
All Other Supply	400,599	344,098	(56,502)	2,716,954	3,757,253	1,040,300
Total Supplies and Other	8,224,243	6,959,459	(1,264,784)	90,534,569	85,589,499	(4,945,070)
Affiliated Interest (Income) Expense	-	(40,408)	(40,408)	(207,654)	(484,896)	(277,243)
Interest	406,747	369,230	(37,517)	4,704,264	4,430,764	(273,500)
Depreciation	604,652	516,055	(88,597)	6,230,793	6,192,660	(38,133)
Lease, Interest, Depreciation	1,011,400	844,877	(166,522)	10,727,404	10,138,528	(588,876)
Grand Total	15,788,671	13,526,866	(2,261,804)	178,090,947	162,947,880	(15,143,067)

December 2022 Actual vs. December 2021 Actual

Variance-Type	Dec-22 <u>ACTUAL</u>	Dec-21 <u>ACTUAL</u>	2022 vs 2021 <u>VARIANCE</u>	Dec-22 <u>ytd ACTUAL</u>	Dec-21 <u>ytd ACTUAL</u>	2022 vs 2021 <u>Variance</u>
Salaries and Wages	4,357,588	5,011,376	(653,789)	52,331,410	52,113,562	217,848
Contract Labor	1,230,881	753,941	476,940	14,135,264	6,024,613	8,110,651
Salaries, Wages and Contract Labor	5,588,469	5,765,317	(176,848)	66,466,674	58,138,175	8,328,499
Policy Fringe Benefits	530,011	465,866	64,145	5,576,822	3,435,567	2,141,255
Taxes	434,548	(97,066)	531,613	4,785,477	4,161,477	624,000
Total Fringe Benefits	964,559	368,801	595,758	10,362,300	7,597,044	2,765,255
Consulting Fees/Purch Services	893,779	2,104,408	(1,210,629)	10,419,054	15,285,161	(4,866,107)
Billing Fees-Ensemble	377,756	431,831	(54,075)	4,109,945	4,338,960	(229,015)
Physician Related	378,600	312,033	66,567	4,028,839	3,230,441	798,398
Physician Related-Quality	1,361,529	219,028	1,142,501	14,448,422	15,727,127	(1,278,705)
Property Taxes	94,885	18,814	76,071	1,141,030	1,046,025	95,005
Medical Surgical Supplies	2,575,130	1,784,650	790,480	29,817,583	19,866,845	9,950,738
Liability and W/C Insurance	337,651	477,835	(140,184)	3,099,632	3,372,266	(272,634)
Rent, Maintenance, Repairs	336,226	515,621	(179,396)	4,663,465	4,672,411	(8,946)
Utilities	224,615	164,533	60,083	2,855,306	2,334,016	521,290
Pharmaceuticals	457,217	1,315,345	(858,129)	2,782,594	5,528,532	(2,745,938)
Management Fee	786,256	850,116	(63,860)	10,451,746	10,281,968	169,777
All Other Supply	400,599	674,129	(273,530)	2,716,954	2,448,620	268,333
Total Supplies and Other	8,224,243	8,868,343	(644,100)	90,534,569	88,132,372	2,402,198
Affiliated Interest (Income) Expense	-	(816,825)	816,825	(207,654)	(1,507,598)	1,299,945
Interest	406,747	245,063	161,684	4,704,264	4,434,457	269,807
Depreciation	604,652	469,786	134,866	6,230,793	6,342,426	(111,633)
Lease, Interest, Depreciation	1,011,400	(101,976)	1,113,375	10,727,404	9,269,285	1,458,119
Grand Total	15,788,671	14,900,485	888,186	178,090,947	163,136,876	14,954,070

Bayonne Medical Center
Statistics by Service and Payor
December-22

December 2022 Actual	December 2022 Budget	December 2022 Variance	December 2021 Actual	December 2021 Variance
357	507	(150)	348	9
357	507	(150)	348	9
357	507	(150)	348	9
32	35	(3)	27	5
		-		-
389	542	(153)	375	14

2,482	2,677	(195)	1,907	575
2,482	2,677	(195)	1,907	575
2,482	2,677	(195)	1,907	575
292	273	19	209	83
		-		-
2,774	2,950	(176)	2,116	658

6.95	5.28	1.67	5.48	1.47
-	-	-	-	-
-	-	-	-	-
6.95	5.28	1.67	5.48	1.47
9.13	7.80	1.33	7.74	1.38
		-		-
7.13	5.44	1.69	5.64	1.49

143	209	(66)	147	(4)
89	127	(38)	83	6
36	47	(11)	31	5
9	8	1	-	9
9	7	2	-	9
4	4	-	-	4
16	30	(14)	27	(11)
13	6	7	4	9
58	83	(25)	65	(7)
12	21	(9)	18	(6)
389	542	(153)	375	14
97%	96%		95%	
60%	62%		61%	
19%	18%		15%	
18%	16%		18%	
3%	4%		5%	

914	1,129	(215)	887	27
783	718	65	488	295
266	251	15	154	112
39	41	(2)	-	39
52	49	3	-	52
10	14	(4)	-	10
63	128	(65)	143	(80)
134	55	79	65	69
467	442	25	286	181
46	123	(77)	93	(47)
2,774	2,950	(176)	2,116	658
98%	96%		96%	
61%	63%		65%	
16%	16%		14%	
22%	17%		17%	
2%	4%		4%	

1,914	2,017	(103)	2,412	(498)
371	371	-	346	25
128	161	(33)	138	(10)
685	-	685	681	4

Discharges by Service

December 2022 Actual	December 2022 Budget	December 2022 Variance	December 2021 Actual	December 2021 Variance
3,773	5,212	(1,439)	4,007	(234)
3,773	5,212	(1,439)	4,007	(234)
3,773	5,212	(1,439)	4,007	(234)
365	498	(133)	434	(69)
-	-	-	129	(129)
4,138	5,710	(1,572)	4,570	(432)

Patient Days by Service

21,364	27,824	(6,460)	21,556	(192)
21,364	27,824	(6,460)	21,556	(192)
21,364	27,824	(6,460)	21,556	(192)
2,802	3,918	(1,116)	3,284	(482)
-	-	-	929	(929)
24,166	31,742	(7,576)	25,769	(1,603)

ALOS by Service

5.66	5.34	0.32	5.38	0.28
-	-	-	-	-
-	-	-	-	-
5.66	5.34	0.32	5.38	0.28
7.68	7.87	(0.19)	7.57	0.11
-	-	-	7.20	(7.20)
5.84	5.56	0.28	5.64	0.20

Discharges by Payor Group

1,516	2,144	(628)	1,722	(206)
927	1,245	(318)	937	(10)
368	541	(173)	424	(56)
55	55	-	-	55
60	52	8	-	60
41	45	(4)	-	41
229	396	(167)	395	(166)
76	61	15	74	2
689	917	(228)	804	(115)
177	254	(77)	214	(37)
4,138	5,710	(1,572)	4,570	(432)
% of Discharges (Excl.Sp/Charity)	96%	96%	95%	
% of Discharges (Medicare/Medicare HMO)	59%	59%	58%	
% of Discharges (Horizon/Comm/Man Care)	18%	19%	18%	
% of Discharges (Medicaid/Medicaid HMO)	18%	17%	19%	
% of Discharges (SP/Charity)	4%	4%	5%	

Patient Days by payor Group

8,950	11,771	(2,821)	9,548	(598)
6,100	7,202	(1,102)	5,686	414
1,845	2,936	(1,091)	2,302	(457)
336	286	50	-	336
345	367	(22)	-	345
168	179	(11)	-	168
843	1,800	(957)	1,970	(1,127)
723	519	204	625	98
3,984	5,119	(1,135)	4,433	(449)
872	1,563	(691)	1,205	(333)
24,166	31,742	(7,576)	25,769	(1,603)
% of Days (Excl.Sp/Charity)	96%	95%	95%	
% of Days (Medicare/Medicare HMO)	62%	60%	59%	
% of Days (Horizon/Comm/Man Care)	15%	18%	17%	
% of Discharges (Medicaid/Medicaid HMO)	19%	18%	20%	
% of Days (SP/Charity)	4%	5%	5%	

ER Visits	21,859	16,041	5,818	21,466	393
ER Admits	3,935	3,935	-	4,179	(244)
Observation	1,750	1,835	(85)	1,690	60
FTE	671	-	671	674	(3)

IJKG Opco, LLC

IJKG Opco, LLC (dba Bayonne Medical Center)

IJKG Propco, LLC

Bayonne Radonc Associates LLC

CONSOLIDATED

FINANCIAL STATEMENTS

November 30, 2023

DRAFT

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

	30-Nov 2023	31-Dec 2022
<u>Assets</u>		
Current Assets:		
Cash and cash equivalents	\$ 804	\$ 536
Cash and cash equivalents - Restricted	8,044	7,752
Net patient accounts receivable, current portion	24,977	27,183
Investments	1,074	1,074
Due from related party	2,484	14,278
Inventory & Other assets	3,274	3,384
Prepaid expenses	380	305
Total Current Assets	41,037	54,511
Non-Current Assets:		
Net patient accounts receivable, long term portion	5,955	9,794
	5,955	9,794
Intangible assets		
Right of use assets	8,713	13,352
Property and equipment, net	10,010	11,232
Net Assets, Deferred Cost & Equipment	18,723	24,584
Total Assets	\$ 65,715	\$ 88,889
<u>Liabilities and Member's Equity</u>		
Current Liabilities:		
Lease Liability, current portion	\$ 7,143	\$ 6,215
Accounts payable and accrued expenses	39,184	20,878
Accrued Compensation	4,027	4,183
Loan payable - Capitala	6,120	3,002
Loan payable - Maple	10,068	10,068
Deferred revenue	95	299
Accrued interest payable	563	160
Due to third party, current portion	618	618
Total Current Liabilities	67,818	45,422
Long Term Liabilities:		
Lease liability less current portion	8,206	16,206
Due to Third Party, less current portion	7,740	4,933
Total Liabilities	83,764	66,561
Member's Equity:		
Member's Equity (Net)	(18,049)	22,328
Total Member's Equity	(18,049)	22,328
Total Liabilities and Member's Equity	\$ 65,715	\$ 88,889

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

Month ended November 30, 2023						
Actual	%	Budget	%	Variance	PY-2022	%
8,212	95.77%	13,924	99.38%	(5,712)	10,909	98.90%
85	0.99%	21	0.15%	64	77	0.70%
278	3.24%	67	0.48%	211	44	0.40%
8,575	100.00%	14,012	100.00%	(5,437)	11,030	100.00%
5,296	61.76%	4,576	32.66%	721	5,679	51.49%
6,195	72.24%	6,969	49.74%	(774)	6,955	63.05%
419	4.89%	797	5.69%	(378)	322	2.92%
-	-	-	-	-	-	-
11,911	138.90%	12,342	88.08%	(431)	12,956	117.46%
(3,336)	-38.90%	1,670	11.92%	(5,005)	(1,926)	-17.46%
-	0.00%	-	0.00%	-	-	0.00%
321	3.74%	368	2.63%	(48)	408	3.70%
636	7.42%	507	3.62%	129	619	5.61%
957	11.15%	875	6.24%	82	1,026	9.31%
(4,292)	-50.05%	795	5.67%	(5,087)	(2,952)	-26.76%
592	6.90%	-	0.00%	592	-	0.00%
(3,700)	-43.15%	1,086	7.75%	(4,495)	(2,952)	-26.76%

YTD Ended November 30, 2023							
Actual	%	Budget	%	Variance	PY-2022	%	
Operating Revenues							
Net patient service revenue	103,775	96.07%	150,839	97.82%	(47,063)	128,843	86.39%
Other operating revenue	3,752	3.47%	2,629	1.71%	1,123	19,852	13.31%
Charity care	488	0.45%	733	0.48%	(245)	445	0.30%
Total Revenues	108,015	100.00%	154,201	100.00%	(46,186)	149,140	100.00%
Operating Expenses							
Salaries and wages	59,644	55.22%	49,560	45.88%	10,084	60,878	56.36%
Supplies/Other expenses	71,313	66.02%	75,332	48.85%	(4,019)	80,346	53.87%
Employee benefits	7,459	6.91%	8,878	5.76%	(1,419)	9,398	6.30%
Provision for doubtful accounts	-	-	-	-	-	-	-
Total Operating Expenses before Int, Depr	138,416	128.15%	133,770	86.75%	4,647	150,622	100.99%
Operating Income / (Loss) before Int, Depr	(30,401)	-28.15%	20,431	13.25%	(50,832)	(1,483)	-0.99%
Affiliated Interest (Income) Expense	-	0.00%	-	0.00%	-	(208)	-0.14%
Interest Expense	5,266	4.87%	4,051	2.63%	1,215	4,396	2.95%
Depreciation and Amortization	7,266	6.73%	5,574	3.61%	1,692	7,492	5.02%
Total Int, Depr	12,531	11.60%	9,625	6.24%	2,907	11,680	7.83%
Total Operating Income / (Loss)	(42,933)	-39.75%	10,806	7.01%	(53,739)	(13,163)	-8.83%
Income (Loss) of Non-Recurring Reserve	2,385	2.21%	-	0.00%	2,385	-	0.00%
Net Income (Loss)	(40,548)	-37.54%	10,806	7.01%	(51,354)	(13,163)	-8.83%

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

	MTD	YTD
	November-23	November-23
	<u>IJKG Opco LLC</u>	<u>IJKG Opco LLC</u>
Cash Flows From Operating Activities:		
Income/(loss) from operations	\$ (3,700)	\$ (40,548)
Adjustments to reconcile increase in net assets to cash provided by operating activities:		
Depreciation & Amortization	636	7,266
Change in operating assets and liabilities:		
(Increase)/decrease in patient accounts receivable	1,966	6,045
(Increase)/decrease in prepaid expenses and deposits	80	(75)
(Increase)/decrease in Due From Related Party	618	11,843
(Increase)/decrease in inventory and other assets	(14)	110
Increase/(decrease) in accounts payable, and other accrued expenses	1,325	18,306
Increase/(decrease) in Deferred Revenue	(278)	(204)
Increase/(decrease) in accrued compensation	(767)	(15)
Increase/(decrease) in accrued interest payable	122	403
Increase /(decrease) in estimated third-party payer settlements	(46)	2,807
<i>Net cash provided by/(used in) operating activities</i>	<u>(58)</u>	<u>5,938</u>
Cash Flows From Investing Activities:		
Acquisitions of property, plant, and equipment	(184)	(1,405)
<i>Net cash provided by/(used in) investing activities</i>	<u>(184)</u>	<u>(1,405)</u>
Cash Flows From Financing Activities:		
Proceeds from Financing, net of payments (Capitala)	-	3,118
Payment of Dividends	-	(20)
Repayment of capital lease obligation	(650)	(7,071)
<i>Net cash provided by/(used in) financing activities</i>	<u>(650)</u>	<u>(3,973)</u>
Net increase/(decrease) in cash and cash equivalents	(892)	560
Cash and cash equivalents at beginning of period	9,740	8,288
Cash and cash equivalents at end of period	<u>\$ 8,848</u>	<u>\$ 8,848</u>

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

November 2023 vs. November 2023 Budget

	<u>Nov-23</u> <u>ACTUAL</u>	<u>Nov-23</u> <u>BUDGET</u>	<u>Nov-23</u> <u>VARIANCE</u>	<u>Nov-23</u> <u>YTD ACTUAL</u>	<u>Nov-23</u> <u>YTD BUDGET</u>	<u>Nov-23</u> <u>YTD VARIANCE</u>
Salaries and Wages	5,022,977	4,068,835	(954,142)	52,456,121	45,299,694	7,156,427
Contract Labor	273,284	506,911	233,627	7,188,114	4,260,350	2,927,764
Salaries, Wages and Contract Labor	5,296,262	4,575,746	(720,516)	59,644,235	49,560,044	10,084,190
Policy Fringe Benefits	39,270	407,987	368,716	3,161,135	4,542,254	(1,381,119)
Taxes	379,982	389,442	9,461	4,298,210	4,335,792	(37,581)
Total Fringe Benefits	419,252	797,429	378,177	7,459,346	8,878,046	1,418,700
Consulting Fees/Purch Services	1,266,465	1,021,932	(244,533)	9,145,284	11,241,248	2,095,964
Billing Fees-Ensemble	248,862	159,280	(89,582)	2,382,257	2,528,819	146,562
Physician Related	246,502	306,604	60,101	3,361,856	3,372,639	10,783
Physician Related-Quality	804,957	1,141,908	336,952	13,302,600	12,205,768	(1,096,832)
Property Taxes	65,972	88,439	22,467	931,729	972,827	41,098
Medical Surgical Supplies	1,308,761	1,709,448	400,687	19,006,947	18,803,927	(203,020)
Liability and W/C Insurance	454,476	356,710	(97,766)	3,252,160	2,089,319	(1,162,841)
Rent, Maintenance, Repairs	101,139	392,378	291,239	1,462,403	4,316,157	2,853,754
Utilities	287,299	261,027	(26,272)	3,003,629	2,906,096	(97,533)
Pharmaceuticals	394,134	402,971	8,837	3,608,143	4,486,408	878,265
Management Fee	731,447	723,349	(8,098)	9,194,814	7,956,840	(1,237,974)
All Other Supply	285,024	404,708	119,684	2,661,027	4,451,790	1,790,763
Total Supplies and Other	6,195,038	6,968,752	773,714	71,312,850	75,331,839	4,018,989
Interest	320,654	368,241	47,587	5,265,726	4,050,649	(1,215,076)
Depreciation	635,858	506,739	(129,119)	7,265,692	5,574,132	(1,691,560)
Lease, Interest, Depreciation	956,512	874,980	(81,532)	12,531,417	9,624,781	(2,906,636)
Grand Total	12,867,063	13,216,907	349,844	150,947,848	143,394,711	(7,553,137)

October 2023 Actual vs. October 2022 Actual

	<u>Nov-23</u> <u>ACTUAL</u>	<u>Nov-22</u> <u>ACTUAL</u>	<u>2023 vs 2022</u> <u>VARIANCE</u>	<u>Nov-23</u> <u>YTD ACTUAL</u>	<u>Nov-22</u> <u>YTD ACTUAL</u>	<u>2023 vs 2022</u> <u>Variance</u>
Salaries and Wages	5,022,977	4,143,566	879,411	52,456,121	47,973,822	4,482,299
Contract Labor	273,284	1,535,407	(1,262,123)	7,188,114	12,904,383	(5,716,269)
Salaries, Wages and Contract Labor	5,296,262	5,678,973	(382,712)	59,644,235	60,878,205	(1,233,970)
Policy Fringe Benefits	39,270	20,363	18,907	3,161,135	5,046,811	(1,885,676)
Taxes	379,982	301,464	78,518	4,298,210	4,350,930	(52,719)
Total Fringe Benefits	419,252	321,827	97,425	7,459,346	9,397,741	(1,938,395)
Consulting Fees/Purch Services	1,266,465	878,787	387,678	9,145,284	9,525,275	(379,990)
Billing Fees	248,862	235,075	13,787	2,382,257	3,732,189	(1,349,932)
Physician Related	246,502	298,860	(52,358)	3,361,856	3,650,239	(288,383)
Physician Related-Quality	804,957	1,224,342	(419,385)	13,302,600	13,086,893	215,707
Property Taxes	65,972	94,885	(28,913)	931,729	1,046,145	(114,416)
Medical Surgical Supplies	1,308,761	2,091,365	(782,604)	19,006,947	27,242,453	(8,235,506)
Liability and W/C Insurance	454,476	471,553	(17,077)	3,252,160	2,761,981	490,179
Rent, Maintenance, Repairs	101,139	208,864	(107,725)	1,462,403	2,363,275	(900,872)
Utilities	287,299	214,554	72,745	3,003,629	2,630,690	372,939
Pharmaceuticals	394,134	183,053	211,081	3,608,143	2,325,378	1,282,765
Management Fee	731,447	1,732,915	(1,001,468)	9,194,814	9,665,490	(470,676)
All Other Supply	285,024	(679,413)	964,437	2,661,027	2,316,355	344,672
Total Supplies and Other	6,195,038	6,954,840	(759,803)	71,312,850	80,346,362	(9,033,512)
Affiliated Interest (Income) Expense	-	-	-	-	(207,654)	207,654
Interest	320,654	407,685	(87,031)	5,265,726	4,395,715	870,011
Depreciation	635,858	618,733	17,125	7,265,692	7,491,907	(226,215)
Lease, Interest, Depreciation	956,512	1,026,418	(69,906)	12,531,417	11,679,968	851,449
Grand Total	12,867,063	13,982,058	(1,114,995)	150,947,848	162,302,276	(11,354,428)

JKG Opco, LLC (Consolidated)
dba Bayonne Medical Center
Statistics by Service and Payor
11/30/2023

November MTD 2023 Actual	November MTD 2023 Budget	November MTD 2023 Variance	November MTD 2022 Actual	November MTD 2022 Variance
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316	337	(21)	311	5
316	337	(21)	311	5
316	337	(21)	311	5
27	28	(1)	31	(4)
-	-	-	-	-
343	365	(22)	342	1

2,011	1,824	187	1,988	23
2,011	1,824	187	1,988	23
2,011	1,824	187	1,988	23
294	207	87	264	30
-	-	-	-	-
2,305	2,031	274	2,252	53

6.36	5.41	0.95	6.39	(0.03)
-	-	-	-	-
-	-	-	-	-
6.36	5.41	0.95	6.39	(0.03)
10.89	7.39	3.50	8.52	2.37
6.72	5.56	1.16	6.58	0.14

114	123	(9)	111	3
106	86	20	84	22
22	39	(17)	37	(15)
5	7	(2)	7	(2)
1	5	(4)	3	(2)
1	3	(2)	5	(4)
11	23	(12)	22	(11)
19	1	18	3	16
49	53	(4)	50	(1)
15	25	(10)	20	(5)
343	365	(22)	342	1
96%	93%		94%	
64%	57%		57%	
12%	21%		17%	
20%	15%		15%	
4%	7%		6%	

792	720	72	743	49
731	531	200	623	108
109	187	(78)	216	(107)
18	38	(20)	45	(27)
-	31	(31)	10	(10)
4	8	(4)	42	(38)
64	90	(26)	68	(4)
124	8	116	88	36
366	294	72	294	72
97	124	(27)	123	(26)
2,305	2,031	274	2,252	53
96%	94%		95%	
66%	62%		61%	
8%	17%		13%	
21%	15%		17%	
4%	6%		5%	

1,601	1,401	200	1,882	(281)
311	311	-	297	14
80	147	(67)	115	(35)
680	-	680	671	9

Discharges by Service

November YTD 2023 Actual	November YTD 2023 Budget	November YTD 2023 Variance	November YTD 2022 Actual	November YTD 2022 Variance	
Medical-Surgical	3,872	3,693	179	3,419	453
Med/Surg Sub Total	3,872	3,693	179	3,419	453
Acute Subtotal	3,872	3,693	179	3,419	453
Behavioral	325	365	(40)	333	(8)
TCU	3	-	3	-	3
Total Inpatient	4,200	4,058	142	3,752	448

Patient Days by Service

Medical-Surgical	22,079	20,225	1,854	19,066	3,013
Med/Surg Sub Total	22,079	20,225	1,854	19,066	3,013
Acute Subtotal	22,079	20,225	1,854	19,066	3,013
Behavioral	3,084	2,741	343	2,529	555
TCU	44	-	-	-	44
Total Inpatient	25,207	22,966	2,197	21,595	3,612

ALOS by Service

Medical-Surgical	5.70	5.48	0.23	5.58	0.13
ICU	-	-	-	-	-
Pediatrics	-	-	-	-	-
Acute Subtotal	5.70	5.48	0.23	5.58	0.13
Behavioral	9.49	7.51	1.98	7.59	1.89
Total Inpatient	6.00	5.66	0.34	5.76	0.25

Discharges by Payor

Medicare	1,282	1,415	(133)	1,372	(90)
Medicare HMO	1,139	993	146	838	301
Horizon/Blue Cross	382	370	12	335	47
United Healthcare	66	78	(12)	47	19
Aetna	84	56	28	49	35
Cigna	42	61	(19)	37	5
Commercial/Managed Care	196	248	(52)	212	(16)
Medicaid	104	40	64	63	41
Medicaid HMO	756	602	154	632	124
Self Pay/Charity *	149	195	(46)	167	(18)
Total Inpatient Discharges	4,200	4,058	142	3,752	448
% of Discharges (Excl.Sp/Charity)	96%	95%		96%	
% of Discharges (Medicare/Medicare HMO)	58%	59%		59%	
% of Discharges (Horizon/Comm/Man Care)	18%	20%		15%	
% of Discharges (Medicaid/Medicaid HMO)	20%	16%		19%	
% of Discharges (SP/Charity)	4%	5%		4%	

Patient Days by Payor

Medicare	8,021	8,366	(345)	8,069	(48)
Medicare Managed Care	7,446	6,121	1,325	5,367	2,079
Horizon/Blue Cross	1,871	1,748	123	1,624	247
United Healthcare	338	420	(82)	303	35
Aetna	467	354	113	283	184
Cigna	190	289	(99)	158	32
Commercial/Managed Care	764	974	(210)	766	(2)
Medicaid	870	290	580	608	262
Medicaid Managed Care	4,441	3,473	968	3,572	869
Self-Pay/Charity	799	931	(132)	845	(46)
Total Inpatient Days	25,207	22,966	2,241	21,595	3,612
% of Days (Excl.Sp/Charity)	97%	96%		96%	
% of Days (Medicare/Medicare HMO)	61%	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	17,269	14,396	2,873	18,028	(759)
ER Admits	3,954	3,954	-	3,243	711
Observation	1,022	1,554	(532)	1,629	(607)
FTE	662	-	662	670	(8)

**NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)**

**COMBINED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021**

**NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)**

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INDEPENDENT AUDITORS' REPORT

To the Members
NJMHMC LLC and Affiliate
(d/b/a Hudson Regional Hospital)

Opinion

We have audited the accompanying combined financial statements of NJMHMC LLC and Affiliate, d/b/a Hudson Regional Hospital, which comprise the combined balance sheets as of December 31, 2022 and 2021 and the related combined statements of income and changes in members' equity, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements referred to above present fairly, in all material respects, the combined financial position of NJMHMC LLC and Affiliate d/b/a Hudson Regional Hospital as of December 31, 2022 and 2021, and the combined results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NJMHMC LLC and Affiliate d/b/a Hudson Regional Hospital and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NJMHMC LLC and Affiliate d/b/a Hudson Regional Hospital's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NJMHMC LLC and Affiliate d/b/a Hudson Regional Hospital's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NJMHMC LLC and Affiliate d/b/a Hudson Regional Hospital's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Marcum LLP

Hartford, CT
May 30, 2023

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

COMBINED BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

	2022	2021
Assets		
Current Assets		
Cash	\$ 651,373	\$ 4,266,987
Restricted cash	320,000	320,000
Patient accounts receivable	54,119,229	47,889,640
Other receivable	3,147,786	--
Supplies inventory	2,410,117	2,272,724
Prepaid expenses	645,747	749,905
Malpractice insurance	3,000,000	--
Total Current Assets	64,294,252	55,499,256
Other Assets		
Deposits	7,176	7,176
Property, plant and equipment, net	60,607,091	55,407,750
Operating lease, right-of-use asset	1,292,654	1,209,941
Loans to affiliate	44,569,418	45,373,084
Goodwill	444,747	518,872
Total Other Assets	106,921,086	102,516,823
Total Assets	\$ 171,215,338	\$ 158,016,079

The accompanying notes are an integral part of these combined financial statements.

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

COMBINED BALANCE SHEETS (CONTINUED)

DECEMBER 31, 2022 AND 2021

	2022	2021
Liabilities and Members' Equity		
Current Liabilities		
Line of credit	\$ 5,000,000	\$ 5,000,000
Accounts payable and accrued expenses	34,706,607	23,776,445
Current portion of financing lease obligations	1,476,224	1,259,907
Current portion of operating lease liability	381,611	580,734
Current portion of note payable	1,267,453	1,341,940
Current portion of long-term debt	1,065,589	2,013,025
Estimated third-party settlements	178,745	56,340
Malpractice claims	3,000,000	--
Medicare advance	--	2,186,327
Unearned income - HHS stimulus	--	3,390,568
Total Current Liabilities	47,076,229	39,605,286
Long-Term Liabilities		
Financing lease obligations, net of current portion	2,192,309	2,639,572
Operating lease liability, net of current portion	788,699	642,655
Note payable, net of current portion	845,087	2,112,540
Long-term debt, net of current portion	46,561,915	47,583,896
Estimated third-party settlements	--	165,793
Total Long-Term Liabilities	50,388,010	53,144,456
Total Liabilities	97,464,239	92,749,742
Members' Equity	73,751,099	65,266,337
Total Liabilities and Members' Equity	\$ 171,215,338	\$ 158,016,079

The accompanying notes are an integral part of these combined financial statements.

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

**COMBINED STATEMENTS OF INCOME AND
CHANGES IN MEMBERS' EQUITY**

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Operating Revenue		
Net patient service revenue	\$ 152,671,088	\$ 141,430,734
COVID stimulus revenue	3,390,568	11,025,236
Other revenue	<u>8,019,598</u>	<u>4,857,670</u>
Total Operating Revenue	<u>164,081,254</u>	<u>157,313,640</u>
Operating Expenses		
Salaries and wages	38,387,363	36,429,056
Payroll taxes and employee benefits	6,218,866	5,536,267
Physician fees	3,548,712	3,933,195
Supplies and other expenses	94,167,782	80,310,938
New Jersey corporate income tax	26,915	1,123,085
Interest	3,808,011	2,428,794
Depreciation and amortization	<u>3,696,237</u>	<u>3,514,752</u>
Total Operating Expenses	<u>149,853,886</u>	<u>133,276,087</u>
Income from Operations	14,227,368	24,037,553
Debt Forgiveness (Paycheck Protection Loan Program (PPP))	--	6,501,680
Other Non-Operating Loss	<u>(4,385,534)</u>	<u>(2,787,197)</u>
Net Income	<u>9,841,834</u>	<u>27,752,036</u>
Members' Equity - Beginning of year	65,266,337	33,546,634
Members' (Distributions) Contributions	<u>(1,357,072)</u>	<u>3,967,667</u>
Members' Equity - End of year	<u>\$ 73,751,099</u>	<u>\$ 65,266,337</u>

The accompanying notes are an integral part of these combined financial statements.

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

COMBINED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash Flows from Operating Activities		
Net income	\$ 9,841,834	\$ 27,752,036
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	3,696,237	3,514,752
Amortization of financing costs included in interest	43,610	(603,182)
Forgiveness of Paycheck protection program loan	--	(6,501,680)
Amortization of right of use asset	663,305	618,751
Changes in operating assets and liabilities:		
Patient accounts receivable	(6,229,589)	727,170
Other receivables	(3,147,786)	--
Supplies inventory	(137,393)	(269,572)
Prepaid expenses	104,158	9,525,672
Unearned income HHS stimulus funds	(3,390,568)	(11,025,236)
Accounts payable and accrued expenses	10,930,161	8,085,968
Operating lease liability	(135,792)	--
Estimated third-party settlements	(43,388)	(235,206)
Net Cash Provided by Operating Activities	12,194,789	31,589,473
Cash Flows from Investing Activities		
Purchases of property and equipment	(8,327,120)	(10,561,962)
Net Cash Used in Investing Activities	(8,327,120)	(10,561,962)
Cash Flows from Financing Activities		
Borrowings on lines of credit and long term debt	--	48,777,378
Payments on long term debt	(3,280,841)	(28,530,426)
Medicare advance repayments	(2,186,327)	(2,113,603)
Payments on financing leases	(1,462,709)	--
Loans to affiliate	--	(42,800,000)
Payments from affiliates for loan	803,666	--
Members' (distribution)/contributions	(1,357,072)	3,967,667
Net Cash Used in Financing Activities	(7,483,283)	(20,698,984)
Net Change in Cash and Restricted Cash	(3,615,614)	328,527
Cash and Restricted Cash - Beginning	4,586,987	4,258,460
Cash and Restricted Cash - End	\$ 971,373	\$ 4,586,987

The accompanying notes are an integral part of these combined financial statements.

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u>\$ 3,808,011</u>	<u>\$ 2,428,794</u>
Supplemental Disclosure of Noncash Financing Activities		
Equipment purchased under financing leases	<u>\$ 1,231,763</u>	<u>\$ 2,777,378</u>
Reconciliation of Cash and Restricted Cash to Amounts Report in the Combined Balance Sheets at the End of the Period		
Cash	\$ 651,373	\$ 4,266,987
Restricted Cash	<u>320,000</u>	<u>320,000</u>
	<u>\$ 971,373</u>	<u>\$ 4,586,987</u>

The accompanying notes are an integral part of these combined financial statements.

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 - ORGANIZATION

NJMHMC LLC d/b/a Hudson Regional Hospital (the Hospital), is a for-profit acute care hospital with 204 licensed beds located in Secaucus, New Jersey. The Hospital provides inpatient, outpatient and emergency care services to residents of Secaucus, New Jersey and surrounding communities in New Jersey. The Hospital leases its space from 55 Meadowlands Holding LLC (the Landlord), which is a related party through common ownership.

The Landlord was formed for the purpose of owning and leasing a healthcare facility located in Secaucus, New Jersey and is considered to be a variable interest entity (VIE). On June 6, 2018, the Landlord acquired the lease option for the land the Hospital is located on. The purchase was financed through a mortgage with Popular Bank, and later refinanced with Cross River Bank (see Note 7). As a result of the acquisition, the land and building were transferred to the Landlord.

PRINCIPLES OF COMBINATION

The combined financial statements include the financial statements of the Hospital and the Landlord. All significant intercompany balances and transactions have been eliminated upon combination. As discussed above, the Hospital leases the facility from the Landlord, which is a related party through common ownership; the Hospital does not own any interest in the related party entity. Such entity is a VIE, and the Hospital is considered to be the primary beneficiary of such entity. Except for amounts contractually required under the lease agreement between the Hospital and the Landlord, the Hospital did not provide any further financial or other support to the Landlord. The Hospital could be required to provide additional financial support to assist the Landlord in meeting its financial obligations if contractually required amounts were insufficient. Financing of the Landlord is accomplished through a mortgage loan as described in Note 7 to the combined financial statements. The Hospital's involvement with the Landlord is limited to leasing the real estate and guaranteeing the mortgage loan payable.

The Hospital has elected to follow the accounting alternative provided in Accounting Standards Codification Topic 810, *Consolidation* (Topic 810). Topic 810 permits private business entities to not consolidate variable interest entities when certain conditions have been met.

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 - ORGANIZATION (CONTINUED)

PRINCIPLES OF COMBINATION (CONTINUED)

Accordingly, the Hospital does not consolidate its VIE and alternatively is presenting the Hospital and the Landlord on a combined basis. In addition, the Hospital believes that this method provides the most accurate depiction of its financial position and results of operations.

The assets, liabilities, revenues, and expenses of the Landlord have been included in the accompanying combined financial statements. As of December 31, 2022 and 2021, amounts included in the combined financial statements are as follows:

	2022	2021
Assets:		
Cash	\$ 2,126	\$ 248,644
Restricted cash	320,000	320,000
Property, plant and equipment	54,187,474	48,233,619
Loan receivable	42,800,000	42,800,000
Liabilities:		
Accrued and other liabilities	\$ 374,975	\$ 213,853
Long term debt	47,627,503	48,596,920
Revenue	\$ 2,132,319	\$ 900,539
Expenses	\$ 4,806,505	\$ 3,766,452

The rental income amounts have been excluded from this table as they eliminate upon combination.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The Hospital's combined financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized when they are earned and expenses are recognized when they are incurred, regardless of the timing of the related cash flows.

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RESTRICTED CASH

The restricted cash of \$320,000 as of December 31, 2022 and 2021, has been set aside to cover unpaid property taxes and insurance premiums in accordance with the Hospital's debt agreement (Note 7).

CASH

The Hospital maintains its cash in major financial institutions that insure deposits with the Federal Deposit Insurance Corporation (FDIC). At times, balances may exceed the FDIC limits. The Hospital has suffered no losses in connection with its banking activity.

SUPPLIES INVENTORY

Supplies inventory is recorded at the lower of cost, using the first-in, first-out method, or net realizable value.

INTANGIBLE ASSETS

Intangible assets primarily consist of goodwill and capitalized computer software costs. Capitalized computer software costs are included in property, plant and equipment, net on the accompanying combined balance sheets.

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTANGIBLE ASSETS (CONTINUED)

Intangible assets are comprised of the following at December 2022:

	<u>2022</u>	<u>2021</u>
Capitalized computer software costs	\$ 940,182	\$ 940,182
Less: Accumulated amortization	<u>885,509</u>	<u>872,889</u>
Capitalized computer software costs, net	54,673	67,293
Goodwill	<u>444,747</u>	<u>518,872</u>
Total intangible assets, net	<u>\$ 499,420</u>	<u>\$ 586,165</u>

Intangible assets whose lives are indefinite, primarily goodwill, are evaluated for impairment at least annually or when circumstances indicate a possible impairment may exist, while intangible assets with definite lives, primarily capitalized computer software costs, are amortized over their expected useful lives.

DEFERRED FINANCING COSTS

Financing costs associated with the issuance of long-term obligations have been capitalized and are being amortized evenly over the term of the debt using the straight line amortization method which approximates the effective interest rate method. Debt issuance costs related to long-term debt are presented as a reduction of the carrying amount of the debt with the amortization of these costs included with interest expense.

PROPERTY PLANT, AND EQUIPMENT

Property, plant and equipment acquired in business combinations are recorded at fair value at the time of acquisition. All other property and equipment are recorded at cost. Property acquired under capital lease obligations are recorded at the net present value of required total minimum lease payments at the date of acquisition and depreciated over the lease term or estimated useful life, whichever is shorter. The cost of maintenance and repairs is charged to expense as incurred. Significant renewals and betterments that increase the value of, or extend the life of, the related asset are capitalized.

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation and amortization is computed using the straight line method over the estimated useful lives of the related assets as follows:

	<u>Useful Lives</u>
Building and improvements	39 years
Leasehold improvements	15 years
Computer software	3 – 5 years
Major movable equipment	5 – 7 years

IMPAIRMENT OF LONG-LIVED ASSETS

The Hospital reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of these assets is determined by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered impaired, the long-lived assets are then written down to fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. Management believes no impairments have occurred and, therefore, no write-downs of the assets were necessary for the years ended December 31, 2022 and 2021, respectively.

CHARITY CARE

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue.

The Hospital commits substantial resources to sponsor a broad range of services to the community. Community benefits provided to the indigent include the cost of providing services to persons who cannot afford health care due to inadequate resources and/or who are uninsured or underinsured. This type of community benefit includes the costs of traditional charity care, unpaid costs of care provided to beneficiaries of Medicaid and other indigent public programs, and services such as free clinics and meal programs for which a patient is not billed or for which a nominal fee has been assessed.

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CHARITY CARE (CONTINUED)

The Health Care Subsidy Fund was established by the State of New Jersey for various purposes including the distribution of charity care payments to hospitals statewide. During the years ended December 31, 2022 and 2021, the Hospital received \$55,461 and \$76,159, respectively, from this fund, which is included in net patient service revenue in the accompanying combined statements of income and changes in members' equity.

The Hospital's management estimates its costs of care provided under its charity care programs utilizing a calculated ratio of costs to gross charges multiplied by the Hospital's gross charity care charges provided. The Hospital's gross charity care charges include only services provided to patients who are unable to pay and qualify under the Hospital's charity care policy. To the extent the Hospital receives reimbursement through the various governmental assistance programs in which it participates to subsidize its care of indigent patients, the Hospital does not include these patients' charges in its cost of care provided under its charity care program. The cost of charity care provided was estimated to be approximately \$310,000 and \$274,000 for the years ended December 31, 2022 and 2021, respectively.

NET PATIENT SERVICE REVENUE AND ACCOUNTS RECEIVABLE

Net patient service revenue relates to contracts with patients and in most cases involve a third-party payor (governmental and commercial insurance carriers) in which the Hospital's performance obligations are to provide health care services. The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges and per diem payments (see Note 4).

Net patient revenue is reported at expected collectible amounts over the time in which obligations to provide health care services are satisfied. Revenue is accrued to estimate the amount of revenue earned to date for patients who have not been discharged and whose care services are not complete as of the reporting period. Substantially all of the Hospital's obligations are satisfied in one year.

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET PATIENT SERVICE REVENUE AND ACCOUNTS RECEIVABLE (CONTINUED)

The transaction price is determined based on gross charges for services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Hospital's charity care policy, and implicit price concessions provided primarily to uninsured patients. Patients who have health care insurance may also have discounts applied related to their copayment or deductible. Implicit price concessions are recorded as a direct reduction to net patient service revenue and are based primarily on historical collection experience. Estimates of contractual adjustments and discounts are determined by major payor classes for inpatient and outpatient revenues based on contractual agreements, discount policies and historical experience. Management continually reviews the contractual estimation process to consider and incorporate updates to laws and regulations and frequent changes in commercial and managed care contractual terms resulting from contract renegotiations and renewals.

Contracts, laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may change by a material amount in the future.

Settlements with third-party payors for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. Such estimates are determined through either a probability-weighted estimate or an estimate of the most likely amount, depending on the circumstances related to a given estimated settlement item. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Hospital's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known, or as years are settled or are no longer subject to such audits, reviews and investigations.

The Hospital believes that it is in compliance with all applicable Medicare and Medicaid laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing that could have a material adverse effect on its combined financial statements. Noncompliance with such laws and regulations could result in fines, penalties and exclusion from such programs.

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET PATIENT SERVICE REVENUE AND ACCOUNTS RECEIVABLE (CONTINUED)

Deductibles, copayments, and coinsurance under third-party payment programs which are the patient's responsibility are included within the primary payor category in the table disclosed in Note 4. The primary collection risks relate to uninsured patient accounts, including patient accounts for which the primary insurance carrier has paid the amounts covered by the applicable agreement, but patient deductibles and copayments remain outstanding.

Implicit price concessions relate primarily to amounts due directly from patients. Estimated implicit price concessions are recorded for all uninsured accounts, regardless of the aging of those accounts. Accounts are written off when all reasonable internal and external collection efforts have been performed.

The estimates for implicit price concessions are based upon management's assessment of historical write-offs and expected net collections, business and economic conditions, trends in federal, state, and private employer health care coverage and other collection indicators.

Management relies on the results of detailed reviews of historical write-offs and collections of revenues and accounts receivable as a primary source of information in estimating the collectability of the Hospital's accounts receivable. Management updates the hindsight analysis at least quarterly, using primarily a rolling twelve-month collection history and write-off data. These routine, quarterly changes in estimates have not resulted in material adjustment to the valuations of accounts receivable or period-to-period comparisons of results of operations.

INCOME TAXES

The Hospital is treated as a disregarded entity for federal and state income tax purposes. The members of the Landlord have elected to be treated as a partnership for federal and state income tax purposes. Accordingly, any income or loss generated by the Hospital and the Landlord is passed through to the Members. As a result, the accompanying financial statements do not reflect a provision for federal income taxes. The New Jersey Corporation Business Tax Act (CBTA) imposes a tax on partnerships that have nonresident owners. Accordingly, the combined financial statements reflect a provision for state income taxes for 2021, but no tax is due in 2022.

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES (CONTINUED)

Management has concluded that the Hospital and the Landlord are pass-through entities for income tax purposes and there are no uncertain tax positions that would require recognition in the combined financial statements. If the Hospital or Landlord were to incur an income tax liability on uncertain tax positions in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax would be reported as income tax expenses. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analysis of tax laws, regulations and interpretations thereof as well as other factors. The Hospital and Landlord's tax returns are subject to examination by federal and state taxing authorities. Management has stated there are no examinations pending or in progress.

UNEARNED INCOME – HHS STIMULUS

Unearned income includes amounts received for unrecognized CARES Act Funds (Note 3) in 2021 and recognized as an income in 2022.

RECLASSIFICATION

Certain amounts in the 2021 financial statements have been reclassified to conform with the 2022 presentation. These reclassifications had no effect on net assets or the results of operations for 2021.

SUBSEQUENT EVENTS

In preparing these combined financial statements, the Hospital has evaluated events and transactions for potential recognition or disclosure through May 30, 2023, the date the combined financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in these combined financial statements.

NOTE 3 - COVID-19 PANDEMIC AND CARES ACT FUNDING

In response to COVID-19, the CARES Act was signed into law on March 27, 2020. The CARES Act authorized funding to hospitals and other healthcare providers to be distributed through the Public Health and Social Services Emergency Fund (Provider Relief Fund).

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 3 - COVID-19 PANDEMIC AND CARES ACT FUNDING (CONTINUED)

Through December 31, 2020, the Hospital received approximately \$14.4 million in total in Provider Relief funds which was recorded as unearned income. During the year ended December 31, 2021, \$11 million of this amount was recognized as revenue in the combined statements of income and changes in members equity. The remaining \$3.4 million was recorded as revenue for the year ended December 31, 2022.

The Hospital is required to report on the usage of the Provider Relief Funds to the U.S. Department of Health and Human Services (HHS) in subsequent periods in order for the funds to be retained with the reporting requirements beginning in 2021. Accordingly, in November 2021, the Hospital submitted the support for use of approximately \$11 million of these funds (Period 1 funding) through the HHS reporting portal. During the year ended December 31, 2022, the Hospital submitted the support for the use of the remaining funds of \$3.4 million (Period 2 funding) through the HHS portal.

In addition, in April 2020, the Hospital entered into a Promissory Note (the "PPP Note") with Popular Bank (the "Lender"), pursuant to which the Lender agreed to make a loan to the Hospital under the Paycheck Protection Program (the "PPP Loan") offered by the U.S. Small Business Administration ("SBA") in a principal amount of \$6.5 million pursuant to Title 1 of the CARES Act. The PPP Loan proceeds were available to be used to pay for payroll costs, including salaries, commissions, and similar compensation, group health care benefits, and paid leaves; rent; utilities; and interest on certain other outstanding debt. The interest rate on the PPP Note was a fixed rate of 1% per annum. In June 2021, the Hospital received approval from the SBA of forgiveness of the Payroll Protection Program loan and therefore, recognized \$6.5 million within non-operating income in the combined statement of income and changes in members equity for the year ended December 31, 2021.

To enhance liquidity, the Hospital was a participant in the Centers for Medicare and Medicaid Services' Accelerated and Advance Payment Program, designed to increase cash flow to Medicare providers and suppliers impacted by COVID-19. This program allows eligible health care facilities to request up to six months of advance Medicare payments for acute care hospitals or up to three months of advance Medicare payments for other health care providers. Under this program, the Hospital received approximately \$4.3 million in expedited payments for future services, which was subject to repayment. As of December 31, 2021, the Hospital had a balance due for such advances of approximately \$2.2 million. Through December 31, 2022, the Centers for Medicare and Medicaid Services have recouped all \$4.3 million of the Medicare Advance through a reduction in payment remittances.

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 4 - NET PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payors that provide for payments at amounts different from its established rates. A summary of the principal payment arrangements with major third-party payors is as follows:

Medicare: Inpatient acute care and nonacute services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. Outpatient services provided to Medicare program beneficiaries are paid at prospectively determined amounts. These rates vary according to patient classification systems that are based on clinical, diagnostic and other factors. Federal regulations provide for certain adjustments to the current and prior years' payment rates based on industry-wide and hospital-specific data. The Hospital has filed its Medicare cost report for the years ended December 31, 2022 and 2021, respectively. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through fiscal year 2018.

Medicaid: Medicaid Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Outpatient services are paid based upon a cost reimbursement methodology and certain services are paid based on a Medicaid fee schedule. The Hospital is paid for reimbursable costs at a tentative rate with final settlement determined after submission of the annual cost report by the Hospital and audit thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been audited and finalized by the Medicaid fiscal intermediary through December 31, 2020.

Other third-party payors: The Hospital also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, preferred provider organizations and other organizations. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges, published fee schedules and prospectively determined daily rates.

There are various proposals at the federal and state levels that could, among other things, significantly reduce payment rates or modify payment methods. The ultimate outcome of these proposals and other market changes, including the potential effects of health care reform that has been enacted by the federal government, cannot presently be determined. Future changes in the Medicare and Medicaid programs and any reduction of funding could have an adverse impact on the Hospital.

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 4 - NET PATIENT SERVICE REVENUE (CONTINUED)

Net patient service revenue for the years ended December 31 is as follows:

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements.

	2022	2021
Inpatient care	\$ 69,173,290	\$ 67,440,439
Outpatient care	83,497,798	73,990,295
Total net patient service revenue	\$ 152,671,088	\$ 141,430,734

Net patient service revenue earned by payor and significant concentrations of accounts receivable are as follows:

	Net Patient Service Revenue		Accounts Receivable	
	December 31		December 31	
	2022	2021	2022	2021
Medicare	18%	17%	4%	4%
Medicaid	12%	13%	7%	7%
Other third party payors	68%	66%	76%	76%
Self Pay	<u>2%</u>	<u>4%</u>	<u>13%</u>	<u>13%</u>
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

A summary of property, plant and equipment at December 31, 2022 and 2021 is as follows:

	2022	2021
Land	\$ 23,707,000	\$ 23,707,000
Building and building improvements	33,408,349	26,487,399
Computer equipment, software	1,100,112	1,100,112
Major movable equipment	14,185,952	12,329,059
	72,401,413	63,623,570
Less accumulated depreciation and amortization	(11,794,322)	(8,215,820)
	\$ 60,607,091	\$ 55,407,750

Depreciation and amortization expense on property, plant and equipment for the years ended December 31, 2022 and 2021 was \$4,359,542 and \$4,133,503 respectively.

The cost of the right of use asset is \$2,456,680 and \$1,828,692, with accumulated depreciation of \$1,164,026 and \$618,757 as of December 31, 2022 and 2021, respectively. These amounts are excluded from the table above. See Note 6 for further detail on leasing arrangements.

NOTE 6 - LEASE COMMITMENTS

FINANCING LEASES

The Hospital finances certain equipment under financing leases. Obligations under the financing leases are recorded in the accompanying combined financial statements at the present value of future minimum lease payments. The leases mature through June 2027 and have effective interest rates ranging from 4.25 percent to 9.5 percent. The net book value of this leased equipment included within property, plant and equipment at December 31, 2022 and 2021 was \$3,588,494 and \$3,849,353, respectively.

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 6 - LEASE COMMITMENTS (CONTINUED)

FINANCING LEASES (CONTINUED)

Future minimum financing lease payments for the years ending December 31 are as follows:

2023	\$ 1,612,080
2024	1,117,818
2025	709,266
2026	421,522
2027	<u>74,084</u>
	3,934,769
Less, amounts representing interest	<u>(266,237)</u>
Present value of minimum lease payments	3,668,532
Less, current portion	<u>(1,476,224)</u>
Financing lease obligations, net of current portion	<u>\$ 2,192,309</u>

Interest expense associated with the above financing lease obligations for the years ended December 31, 2022 and 2021 was \$185,931 and \$204,056, respectively.

OPERATING LEASES

The Hospital leases certain medical offices, personnel, administrative offices and equipment under finance and operating leases. At the inception of a contract, a determination is made if the arrangement is or contains a lease. Leases are classified as either finance or operating leases based on the underlying terms of the agreement and certain criteria, such as the term of the lease relative to the useful life of the asset and the total lease payments to be made as compared to the fair value of the asset, amongst other criteria. The Hospital has a right-of-use asset and operating lease liability totaling approximately \$1.2 million at December 31, 2022 and 2021, which are respectively recorded as operating lease right of use asset and operating lease liability on the accompanying audited combined balance sheet.

NJMHMC LLC AND AFFILIATE
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NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 6 - LEASE COMMITMENTS (CONTINUED)

OPERATING LEASES (CONTINUED)

The Hospital's right-of-use asset pertaining to operating leases represents the right to use the underlying assets for the lease term, and the corresponding lease liability represents the obligation to make lease payments arising from the leases. Such right-of-use asset and lease liability are recognized at the lease's commencement date at the present value of lease payments over the lease term for leases with initial terms greater than a year. The present value of lease payments is calculated by utilizing the discount rate stated in the lease, when readily determinable. For leases for which this rate is not readily available, the Hospital has elected to use a discount rate comparable to the Hospital's incremental borrowing rate for financing over a comparable period. The average rate used as of December 31, 2022 and 2021, was 7% and 5%, respectively. A right-of-use asset and lease liability are not recognized for leases with an initial term of 12 months or less, and the Hospital recognizes lease expense for such leases on a straight-line basis over the lease term within supplies and other expenses on the accompanying audited combined statement of income.

The Hospital's operating leases have average remaining lease terms of 3 years for both the years ending December 31, 2022 and 2021. Lease payments related to periods subject to renewal options are excluded from the amounts used to determine the right-of-use leased assets and liabilities. The Hospital's leases may also include variable lease payments. Variable lease payments are excluded from the amounts used to determine the right-of-use leased assets and liabilities, unless the variable lease payments depend on an index, rate or are in substance fixed payments.

Operating expenses for the Hospital's leasing activity for the years ended December 31, 2022 and 2021 are as follows:

	Classification	2022	2021
Operating lease expense	Supplies and other expenses	\$ 755,042	\$ 792,494
Operating lease expense	Interest	<u>69,124</u>	<u>64,347</u>
Total lease cost		<u>\$ 824,166</u>	<u>\$ 856,841</u>

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 6 - LEASE COMMITMENTS (CONTINUED)

OPERATING LEASES (CONTINUED)

Supplemental cash flow information is as follows for the years ended December 31, 2022 and 2021:

	2022	2021
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 799,097	\$ 605,304
Operating cash flows from financing leases	1,462,709	1,128,963
Total cash flows	\$ 2,261,806	\$ 1,734,267
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 746,019	\$ 1,828,692

The aggregate future minimum lease payments of operating leases as of December 31, 2022 were as follows:

<u>Year Ending December 31,</u>	
2023	\$ 473,586
2024	357,350
2025	357,877
2026	177,662
Total lease obligation	1,366,475
Less, imputed interest	(196,165)
Total liability	1,170,310
Less current portion	(381,611)
Long-term liability	\$ 788,699

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 6 - LEASE COMMITMENTS (CONTINUED)

OPERATING LEASES (CONTINUED)

As disclosed in Note 1, the Hospital leases its space from the Landlord under a lease that expires in April 2048 for \$306,000 per month with 2% annual increase. The rental income for the Landlord and rental expense for the Hospital was \$3,896,756 and \$3,820,349 for the years ended December 31, 2022 and 2021, respectively. These amounts have been eliminated upon combination. The future minimum rental payments under the above lease are as follows:

<u>Year Ending December 31,</u>	
2023	\$ 3,974,691
2024	4,054,185
2025	4,135,268
2026	4,217,974
2027	4,302,333
Thereafter	<u>108,884,970</u>
	<u>\$ 129,569,421</u>

In August 2020, the Hospital leased additional space located at 43 Meadowlands Parkway from 43 Meadowlands Holding, LLC, (“43 Meadowlands”), a related party through common ownership. The monthly rent was \$282,500 and the lease expires in August 2030. On July 23, 2021, this lease agreement was terminated and a new lease agreement was signed with the monthly rent of \$78,333. This lease expires on July 23, 2026. Rental expense for this lease for the Hospital was \$940,000 and \$2,369,167 for the years ended December 31, 2022 and 2021, respectively. The Hospital does not own any interest in the related party entity. 43 Meadowlands is a variable interest entity and the Hospital is considered to be the primary beneficiary of such entity. Except for amounts contractually required under the lease agreement between the Hospital and 43 Meadowlands, the Hospital did not provide any further financial or other support to 43 Meadowlands. The Hospital has elected not to consolidate 43 Meadowlands as a result of the accounting alternative disclosed in Note 1. The Hospital terminated the lease agreement on January 2023. The last payment for this lease was made in January 2023 in the amount of \$78,333.

In addition, the Hospital and the Landlord are lessors under certain operating lease agreements and lease space in the Hospital building to outside parties. These leases are immaterial to the combined financial statements.

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 7 - LONG-TERM DEBT AND LINES OF CREDIT

The Hospital has a \$7,200,000 note payable with the Seller. This note was issued as part of the acquisition that occurred on December 29, 2017 as disclosed in Note 1. This note carries an interest rate of 2.18%, matures in 2024, and began amortization on October 1, 2018. The monthly principal and interest payments are \$108,445. The balance outstanding under this note payable is \$2,112,540 and \$3,454,480 at December 31, 2022 and 2021, respectively.

Future minimum payments by year and in the aggregate under the note payable are as follows:

<u>Year Ending December 31,</u>	
2023	\$ 1,267,453
2024	<u>845,087</u>
	<u>\$ 2,112,540</u>

The above note payable is secured by a guarantee from members of the Hospital and the Landlord.

The Hospital and Landlord had a \$18,655,000 mortgage since June 7, 2018 and a \$7,861,000 additional mortgage since November 21, 2019, both with Popular Bank. On July 27, 2021, the Hospital and the Landlord refinanced the Popular Bank mortgages with a Cross River Bank (CRB) term loan. The new term loan with CRB is a \$50 million loan that replaced the two mortgages with Popular Bank. This term loan is for thirty six (36) months with two twelve month extension options for 0.5% per extension. The rate is 1 month LIBOR plus 4.5% with a 0.50% floor on LIBOR. As such, the current rate is 8.62% as of December 31, 2022. The loan has 25 year mortgage amortization.

The above term loan is secured by a guarantee from members of the Hospital and the Landlord.

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 7 - LONG-TERM DEBT AND LINES OF CREDIT (CONTINUED)

Future minimum payments by year and in the aggregate under the CRB \$50.0 million loan are as follows:

<u>Year Ending December 31,</u>	
2023	\$ 1,065,589
2024	<u>47,590,383</u>
	48,655,972
Unamortized deferred financing costs	<u>(1,028,468)</u>
	<u>\$ 47,627,504</u>

The CRB \$50 million loan is subject to certain financial and non-financial covenants and other restrictions similar in financings of this type. The Hospital and the Landlord received a waiver of these covenants from CRB for the year ended December 31, 2022.

The Hospital and the Landlord had a \$10 million credit line with Popular Bank to be used for operating expenses. On July 27, 2021, this credit line was replaced with a \$10 million line of credit with CRB. The CRB line of credit has 1) a Collateral Management fee of 0.025-0.050% per month and 2) an Unused Line Fee of 0.042% per month. The interest rate at December 31, 2022 was 8.62%. As of December 31, 2022 and 2021, the Hospital had a \$5 million outstanding balance under the line.

NOTE 8 - EMPLOYEE BENEFIT PLANS

The Hospital sponsors a defined contribution 401(k) plan for its employees. This plan was established on May 1, 2011. All full-time and part-time employees who are at least 21 years of age are eligible for participation in the plan after completion of three months of employment and are encouraged to make contributions. The Hospital's contributions to the Plan were \$160,870 and \$135,098 for the years ended December 31, 2022 and 2021, respectively.

The Hospital contributes to a union pension plan under a collective bargaining agreement with the Operating Engineers Local No. 68 Union. Union pension expense included in payroll taxes and employee benefits in the accompanying combined statements of income and changes in members' equity for the years ended December 31, 2022 and 2021 was \$23,224 and \$16,252, respectively.

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 9 - TRANSACTIONS WITH AFFILIATED ENTITIES

The Hospital has unsecured amounts due from various affiliated entities related by common ownership. Amounts due from affiliates at December 31, 2022 and 2021 amounted to \$6,544,395 and \$4,958,989, respectively. As collectability cannot be reasonably assured, at December 31, 2022 the Hospital has fully reserved these amounts.

On July 31, 2020, the Hospital entered into a \$9 million loan receivable agreement with 29 E. 29th Street Holdings, LLC, a related party through common ownership. This is a 5 year loan with interest only for the first seven months. The interest rate was 5%. The monthly principal and interest payments were \$170,100. As of December 31, 2020, no principal payments were made. On December 31, 2020, an addendum was signed related to this agreement allowing for an additional \$1.8 million and an additional \$35,050 in monthly principal and interest payments. As a result of CRB refinancing as disclosed in Note 7 above, the Hospital's intercompany loan of \$10.8 million was replaced by a \$42.8 million ten year loan from the Landlord to 29 E. 29th Street Holdings LLC. This loan has 5% interest rate and interest only payments with the principal due at the maturity date of September 1, 2031.

On December 31, 2020, the Hospital entered into a \$1.1 million loan receivable with the managing member of the Hospital. The loan bears an interest rate of 5% and is payable on demand.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The Hospital is involved in various litigation and regulatory inspections arising in the normal course of business. Management estimates that ongoing legal matters will be resolved without material adverse effect on the Hospital's future financial position or results of operations.

The health care industry is subject to numerous laws and regulations of federal, state and local government. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, and healthcare fraud and abuse. Activity continues to increase with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 11 - MEDICAL MALPRACTICE RESERVES

The Hospital has an internal risk management program and carries claims made insurance coverage through a commercial carrier. The Hospital also has excess umbrella liability coverage, which provides coverage above the basic policy limits up to the amounts specified in the umbrella coverage. The Hospital's estimated the medical malpractice claims liability and related receivable from its insurance company for both asserted and unasserted claims at December 31, 2022. These amounts have been included in current assets and current liabilities in the accompanying combined balance sheets. The liability and receivable related to the malpractice insurance at December 31, 2022 was \$3 million. Management believes that any claims, if asserted, would be settled within the limits of its insurance coverage.

NOTE 12 - HEALTH INSURANCE

The Hospital self-insures its employee health insurance coverage and accrues the estimated costs of incurred and reported and incurred and unreported claims, after consideration of its stop-loss insurance coverage, based upon data provided by the third-party administrator of the program and its historical claims experience. The insurance health plan has a stop loss policy for the employee health insurance claims, which covers the amount of each claim in excess of \$200,000. The Hospital's estimated liability of \$449,700 and \$340,316 at December 31, 2022 and 2021, respectively, is included in accounts payable and accrued expenses in the accompanying combined balance sheets.

**INDEPENDENT AUDITORS' REPORT ON ACCOMPANYING
SUPPLEMENTARY COMBINING INFORMATION**

To the Members
NJMHMC LLC and Affiliate
(d/b/a Hudson Regional Hospital)

We have audited the combined financial statements of NJMHMC LLC and Affiliate, d/b/a Hudson Regional Hospital as of and for the years ended December 31, 2022 and 2021, and have issued our report thereon dated May 30, 2023, which contained an unmodified opinion on those financial statements and which appears on pages 1 and 2. Our audits were performed for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary combining information consisting of the combining balance sheets and the combining statements of income as of December 31, 2022 and 2021 and for the years then ended are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary combining information is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Marcum LLP

Hartford, CT
May 30, 2023

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

SCHEDULE I – COMBINING BALANCE SHEET

DECEMBER 31, 2022

	NJMHMC LLC	55 Meadowlands Holding LLC	Eliminations	Total
Assets				
Current Assets				
Cash	\$ 649,247	\$ 2,126	\$ --	\$ 651,373
Restricted cash	--	320,000	--	320,000
Patient accounts receivable	54,119,229	--	--	54,119,229
Other receivable	3,147,786	--	--	3,147,786
Supplies inventory	2,410,117	--	--	2,410,117
Prepaid expenses	645,747	--	--	645,747
Malpractice insurance	3,000,000	--	--	3,000,000
Total Current Assets	<u>63,972,126</u>	<u>322,126</u>	<u>--</u>	<u>64,294,252</u>
Other Assets				
Deposits	7,176	--	--	7,176
Property, plant and equipment, net	6,419,617	54,187,474	--	60,607,091
Operating lease, right-of-use asset	1,292,654	--	--	1,292,654
Loans to affiliates	45,332,874	51,351,168	(52,114,624)	44,569,418
Goodwill	444,747	--	--	444,747
Total Other Assets	<u>53,497,068</u>	<u>105,538,642</u>	<u>(52,114,624)</u>	<u>106,921,086</u>
Total Assets	<u>\$ 117,469,194</u>	<u>\$ 105,860,768</u>	<u>\$ (52,114,624)</u>	<u>\$ 171,215,338</u>

See independent auditors' report on supplementary information.

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

SCHEDULE I – COMBINING BALANCE SHEET (CONTINUED)

DECEMBER 31, 2022

	NJMHMC LLC	55 Meadowlands Holding LLC	Eliminations	Total
Liabilities and Members' Equity				
Current Liabilities				
Line of credit	\$ 5,000,000	\$ --	\$ --	\$ 5,000,000
Accounts payable and financing accrued expenses	42,882,800	43,938,431	(52,114,624)	34,706,607
Current portion of lease obligations	1,476,224	--	--	1,476,224
Current portion of operating lease liability	381,611	--	--	381,611
Current portion of note payable	1,267,453	--	--	1,267,453
Current portion of long-term debt and loan from affiliate	--	1,065,589	--	1,065,589
Estimated third-party settlements	178,745	--	--	178,745
Malpractice claims	3,000,000	--	--	3,000,000
Total Current Liabilities	<u>54,186,833</u>	<u>45,004,020</u>	<u>(52,114,624)</u>	<u>47,076,229</u>
Long-Term Liabilities				
Financing lease obligation, net of current portion	2,192,309	--	--	2,192,309
Operating lease liability, net of current portion	788,699	--	--	788,699
Note payable, net of current portion	845,087	--	--	845,087
Long-term debt, net of current portion	--	46,561,915	--	46,561,915
Total Long-Term Liabilities	<u>3,826,095</u>	<u>46,561,915</u>	<u>--</u>	<u>50,388,010</u>
Total Liabilities	58,012,928	91,565,935	(52,114,624)	97,464,239
Members' Equity	<u>59,456,266</u>	<u>14,294,833</u>	<u>--</u>	<u>73,751,099</u>
Total Liabilities and Members' Equity	<u>\$ 117,469,194</u>	<u>\$ 105,860,768</u>	<u>\$ (52,114,624)</u>	<u>\$ 171,215,338</u>

See independent auditors' report on supplementary information.

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

SCHEDULE II – COMBINING INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2022

	NJMHMC LLC	55 Meadowlands Holding LLC	Eliminations	Total
Operating Revenues				
Net patient service revenue	\$ 152,671,088	\$ --	\$ --	\$ 152,671,088
COVID stimulus revenue	3,390,568	--	--	3,390,568
Rental income	--	3,896,756	(3,896,756)	--
Other revenue	5,887,279	2,132,319	--	8,019,598
Total Operating Revenues	<u>161,948,935</u>	<u>6,029,074</u>	<u>(3,896,756)</u>	<u>164,081,254</u>
Operating Expenses				
Salaries and wages	38,387,363	--	--	38,387,363
Payroll taxes and employee benefits	6,218,866	--	--	6,218,866
Physician fees	3,548,712	--	--	3,548,712
Supplies and other expenses	97,405,060	659,478	(3,896,756)	94,167,782
New Jersey corporate income tax	26,915	--	--	26,915
Interest	671,687	3,136,324	--	3,808,011
Depreciation and amortization	2,685,533	1,010,704	--	3,696,237
Total Operating Expenses	<u>148,944,136</u>	<u>4,806,506</u>	<u>(3,896,756)</u>	<u>149,853,886</u>
Income from Operations	13,004,799	1,222,568	--	14,227,367
Other Non-Operating Loss	<u>(4,385,534)</u>	<u>--</u>	<u>--</u>	<u>(4,385,534)</u>
Net Income	<u>\$ 8,619,265</u>	<u>\$ 1,222,568</u>	<u>\$ --</u>	<u>\$ 9,841,833</u>

See independent auditors' report on supplementary information.

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

SCHEDULE III – COMBINING BALANCE SHEET

DECEMBER 31, 2021

	NJMHMC LLC	55 Meadowlands Holding LLC	Eliminations	Total
Assets				
Current Assets				
Cash	\$ 4,018,343	\$ 248,644	\$ --	\$ 4,266,987
Restricted cash	--	320,000	--	320,000
Patient accounts receivable	47,889,640	--	--	47,889,640
Supplies inventory	2,272,724	--	--	2,272,724
Prepaid expenses	749,905	--	--	749,905
Total Current Assets	<u>54,930,612</u>	<u>568,644</u>	<u>--</u>	<u>55,499,256</u>
Other Assets				
Deposits	7,176	--	--	7,176
Property, plant and equipment, net	7,174,131	48,233,619	--	55,407,750
Operating lease, right-of-use asset	1,209,941	--	--	1,209,941
Loans to affiliates	40,826,723	52,596,618	(48,050,257)	45,373,084
Goodwill	518,872	--	--	518,872
Total Other Assets	<u>49,736,843</u>	<u>100,830,237</u>	<u>(48,050,257)</u>	<u>102,516,823</u>
Total Assets	<u>\$ 104,667,455</u>	<u>\$ 101,398,881</u>	<u>\$ (48,050,257)</u>	<u>\$ 158,016,079</u>

See independent auditors' report on supplementary information.

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

SCHEDULE III – COMBINING BALANCE SHEET (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2021

	NJMHMC LLC	55 Meadowlands Holding LLC	Eliminations	Total
Liabilities and Members' Equity				
Current Liabilities				
Accounts payable and financing accrued expenses	\$ 32,637,006	\$ 39,189,696	\$ (48,050,257)	\$ 23,776,445
Current portion of lease obligations	1,259,907	--	--	1,259,907
Current portion of operating lease liability	580,734	--	--	580,734
Current portion of note payable	1,341,940	--	--	1,341,940
Current portion of long-term debt and loan from affiliate	1,000,000	1,013,025	--	2,013,025
Estimated third-party settlements	56,340	--	--	56,340
Line of credit	5,000,000	--	--	5,000,000
Medicare advance	2,186,327	--	--	2,186,327
Unearned income - HHS stimulus	3,390,568	--	--	3,390,568
Total Current Liabilities	<u>47,452,822</u>	<u>40,202,721</u>	<u>(48,050,257)</u>	<u>39,605,286</u>
Long-Term Liabilities				
Financing lease obligation, net of current portion	2,639,572	--	--	2,639,572
Operating lease liability, net of current portion	642,655	--	--	642,655
Note payable, net of current portion	2,112,540	--	--	2,112,540
Long-term debt, net of current portion	--	47,583,896	--	47,583,896
Estimated third-party settlements	165,793	--	--	165,793
Total Long-Term Liabilities	<u>5,560,560</u>	<u>47,583,896</u>	<u>--</u>	<u>53,144,456</u>
Total Liabilities	53,013,382	87,786,617	(48,050,257)	92,749,742
Members' Equity	<u>51,654,073</u>	<u>13,612,264</u>	<u>--</u>	<u>65,266,337</u>
Total Liabilities and Members' Equity	<u>\$ 104,667,455</u>	<u>\$ 101,398,881</u>	<u>\$ (48,050,257)</u>	<u>\$ 158,016,079</u>

See independent auditors' report on supplementary information.

NJMHMC LLC AND AFFILIATE
(d/b/a Hudson Regional Hospital)

SCHEDULE IV – COMBINING INCOME STATEMENT


FOR THE YEAR ENDED DECEMBER 31, 2021


	NJMHMC LLC	55 Meadowlands Holding LLC	Eliminations	Total
Operating Revenues				
Net patient service revenue	\$ 141,430,734	\$ --	\$ --	\$ 141,430,734
COVID stimulus revenue	11,025,236	--	--	11,025,236
Rental income	--	3,820,349	(3,820,349)	--
Other revenue	3,957,131	900,539	--	4,857,670
Total Operating Revenues	<u>156,413,101</u>	<u>4,720,888</u>	<u>(3,820,349)</u>	<u>157,313,640</u>
Operating Expenses				
Salaries and wages	36,429,056	--	--	36,429,056
Payroll taxes and employee benefits	5,536,267	--	--	5,536,267
Physician fees	3,933,195	--	--	3,933,195
Supplies and other expenses	83,532,618	598,669	(3,820,349)	80,310,938
New Jersey corporate income tax	1,123,085	--	--	1,123,085
Interest	540,175	1,888,619	--	2,428,794
Depreciation and amortization	2,235,588	1,279,164	--	3,514,752
Total Operating Expenses	<u>133,329,984</u>	<u>3,766,452</u>	<u>(3,820,349)</u>	<u>133,276,087</u>
Income from Operations	23,083,117	954,436	--	24,037,553
Debt Forgiveness (PPP Loan)	6,501,680	--	--	6,501,680
Other Non-Operating Loss	<u>(2,787,197)</u>	<u>--</u>	<u>--</u>	<u>(2,787,197)</u>
Net Income	<u>\$ 26,797,600</u>	<u>\$ 954,436</u>	<u>\$ --</u>	<u>\$ 27,752,036</u>


See independent auditors' report on supplementary information.




HUDSON
REGIONAL HOSPITAL

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HUDSON REGIONAL HOSPITAL

PRELIMINARY FINANCIAL STATEMENTS

DECEMBER 2023

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HUDSON REGIONAL HOSPITAL

MANAGEMENTS DISCUSSION AND ANALYSIS

We present the combined financial statements of Hudson Regional Hospital (HRH) for twelve (12) months ended December 31, 2023. These statements represent the consolidation of NJMHMC LLC (d/b/a Hudson Regional Hospital) and 55 Meadowlands Holding (a related party and considered a Variable Interest Entity (VIE) with common ownership and control as NJMHMC LLC) and are reported on a combined basis. NJMHMC LLC is the entity that operates the hospital and leases the building and property from 55 Meadowlands Holdings which owns the building and property. The Hudson Regional Hospital's operating performance for twelve (12) months period generated an operational gain of \$12,531,359.

The following comments further highlight the material contained in these statements:

PATIENT STATISTICS

- Medical / Surgical Admissions are up by 49 or 1.5%, ICU admissions are up by 57 or 14.6%, ER visits are down by 524 or 3.5 % for twelve (12) months December 2023 compared to December 2022.
- Same Day Surgery procedures are up 689 or 9.9% for twelve (12) months December 2023 compared to December 2022.
- Endoscopy procedures are up by 557 or 48.3% comparing the two year to date December results.
- On April 30, 2023 Hudson Regional Hospital closed Maternal Child Health (MCH) and Pediatric departments. MCH program has sustained significant operating losses for the past several years. This is a result of low patient volumes with high standby costs. MCH had 22 OB/Gyn beds and Pediatrics had 26 beds. These licensed beds were transferred to Medical Surgical department.
- Hospital management has implemented strategies to generate an increase in patient utilization of the facility that include the recruitment of primary care physicians that has generated several new physician applications for privileges. This strategy has resulted in an increase in hospital inpatient as well as outpatient utilization.
- We are currently in- network with Horizon Commercial and Medicare Managed Care, Horizon NJ Health (Medicaid), Aetna Commercial and Medicare Managed Care, Wellcare, United Healthcare, Oxford, Americhoice, Amerigroup, Cigna and Aetna Better Health. The in-network status with these carriers has led to improved physician relationships and patient volumes.

BALANCE SHEET

- The Combined Balance Sheet as of December 31, 2023, includes Current Assets of \$65.6 million, which principally consists of Cash \$1.5 million, Net Patient Accounts Receivable \$55.8 million, Inventory of \$2.5 million, Other Current Assets of \$2.6 million and malpractice insurance \$3.3 million. Other Assets include Net Property Plant and Equipment of \$70.2 million, Operating Leases, right-of-use assets of \$779 thousand, 29E Loan – L/T portion \$42.8 million, due from affiliates \$1.7 million, and Goodwill \$371 thousand.
- Combined Current Liabilities of \$50.6 million includes Accounts Payable of \$34.1 million, Accrued Salaries of \$3.9 million, Current portion of Financing Lease Obligations \$1.8 million, Current portion of operating lease liability \$317 thousand, Current portion of long-term debt \$496 thousand and, Current portion of note payable \$952 thousand (obligation related to the sale of MHA to NJMHC on December 29th 2017), Woori America bank line of credit \$5.5 million, Malpractice claims \$3.3 million, Third Party Liability \$241 thousand.
- Combined Long Term Liabilities are \$48.8 million, which is comprised of the Long Term portion of Mortgage Loan Payable \$43.6 million, \$4.8 million in Financing Lease obligations and \$492 thousand in Operating lease liability.
- The average payment time for vendor bills at December 31, 2023 was 92 days (a decrease from November of 8 days). The average days of Revenue in Accounts Receivable (AR) at December 31, 2023 was 116 days with 5.4 days of Revenue in Discharged Not Final Billed (DNFB). (This represents a decrease of 1.77 days of revenue in DNFB, and a decrease of 5 day in revenue in AR as of November 30, 2023).
- On August 31, 2023, 55 Meadowlands Holdings refinanced Cross River Bank (CRB) loan with Woori America Bank (WAB). The new term loan with WAB is a \$45.0 million loan for sixty (60) months with one sixty (60) months extension option. The rate is fixed at 6.5%. The loan has 30 year mortgage amortization. As a result of this refinancing, the unamortized CRB issuance costs is being written off in August 2023 and is being charged to depreciation expense in the amount of \$1,003,028.
- HRH \$5.0 million Cross Rive Bank Working Capital Credit Revolver was replaced with WAB \$10.0 million Revolving Line of Credit on August 31, 2023. This Line of Credit has a one (1) year term with rate WSJP-0.5% monthly adjustment. Current rate is 8.0%.
- On July 27, 2021, 55 Meadowlands Holdings refinanced Popular Bank loans with Cross River Bank (CRB). The term loan with CRB was a \$50.0 million loan that replaced the two mortgages with Popular Bank and provided the financing for the additional loan to Bayonne Medical Center (BMC). As a result of this refinancing HRH intercompany loan which was \$10.8 million was replaced by a \$42.8 million loan from 55 Meadowlands Holdings to BMC. This loan has 6.5% interest rate and interest only payments with the principal due at maturity date-September 1, 2031.
- NJMHC's Current and Long Term portion of Long Term Debt combined is the \$952 thousand Seller Note executed as part of the Purchase Price.

INCOME STATEMENT

- The hospital had a Net Operating Gain of \$12.5 million for twelve (12) months ended December 31, 2023 compared to the 2023 Pro Forma \$8.8 million for the same period.
- The Actual combined Net Patient Service Revenue for twelve (12) months ended December 31, 2023 was \$176.1 million compared to the Pro Forma of \$164.2 million. This is based on an overall expected rate of recovery of Gross Charges of 13% which is consistent with prior year rates.
- Total combined operating expenses for twelve (12) months ended December 31, 2023 were \$170.9 million compared to the Pro Forma of \$160.9 million for the same period.

CASH FLOW

- The YTD net increase in Cash for twelve (12) months ended December 31, 2023 was \$822 thousand.

Respectfully submitted,



John Grywalski Jr, CPA, CGMA, MBA
Chief Financial Officer

NJMHMC, LLC
(D/B/A Hudson Regional Hospital)
Balance Sheet
As of:

	Combined <i>UNAUDITED</i>		Combined <i>AUDITED</i>		Change
	December 31, 2023		December 31, 2022		
Assets					
Current assets:					
Cash and cash equivalents	1,472,926	\$	651,373	\$	821,553
Restricted cash	-		320,000		(320,000)
Patients accounts receivable, net of allowance for doubtful accounts	55,774,923		54,119,229		1,655,694
Supplies inventory	2,472,013		2,410,117		61,896
Prepaid expenses and other current assets	2,586,253		3,793,533		(1,207,280)
Malpractice insurance	3,320,000		3,000,000		320,000
Total current assets	65,626,115		64,294,252		1,331,863
Deposits and other non-current assets	7,176		7,176		-
Property, plant and equipment, net	70,240,787		60,607,091		9,633,696
Operating Lease, right-of-use asset	779,400		1,292,654		(513,254)
29E Loan -L/T	42,800,000		42,800,000		-
Due from affiliates	1,707,230		1,769,418		(62,188)
Intangible assets	370,623		444,747		(74,124)
Total assets	\$ 181,531,331	\$	171,215,338	\$	10,315,993
Liabilities and Member's Equity					
Current liabilities:					
Accounts payable and accrued expenses	\$ 34,100,298	\$	31,502,581	\$	2,597,716
Accrued payroll and other related expenses	3,894,902		3,204,026		690,876
Current portion of financing lease obligation	1,775,589		1,476,224		299,365
Current portion of operating lease liability	316,910		381,611		(64,701)
Current portion of note payable	951,803		1,267,453		(315,650)
Current portion of long-term debt	496,037		1,065,589		(569,552)
Line of credit	5,508,125		5,000,000		508,125
Malpractice claims	3,320,000		3,000,000		320,000
Current portion of estimated amounts due to third party payor	241,248		178,745		62,503
Total current liabilities	50,604,912		47,076,229		3,528,682
Financing lease obligations, net of current portion	4,781,052		2,192,309		2,588,743
Operating lease liability, net of current portion	491,925		788,699		(296,774)
Note payable	-		845,087		(845,087)
Long-term debt, net of current portion	43,615,251		46,561,915		(2,946,664)
Total long-term liabilities	48,888,228		50,388,010		(1,499,782)
Total liabilities	99,493,140		97,464,239		2,028,900
Member's equity					
Member's equity	73,751,099		73,751,099		0
Member's contribution/(distribution)	(763,013)		-		(763,013)
Current year net income(loss)	9,050,104		-		9,050,104
Total member's equity	82,038,190		73,751,099		8,287,091
Total liabilities and member's equity	\$ 181,531,331	\$	171,215,338	\$	10,315,993

NJMHMC, LLC
(D/B/A Hudson Regional Hospital)
Statement of income and change in Member's Equity
For 12 months ended December 31, 2023

	Actual Combining UNAUDITED	Pro Forma Dec'23	Actual vs. Pro Forma
Net Patient Service Revenue	\$ 176,073,480	\$ 164,170,963	\$ 11,902,517
Other revenue	7,332,416	5,600,000	1,732,416
Total Operating Revenue	183,405,896	169,770,963	13,634,933
Operating Expense			
Salaries and wages	41,931,815	41,312,986	(618,829)
Fringe benefits	8,580,505	6,708,950	(1,871,555)
Physician Fees	3,362,656	4,056,028	693,372
Supplies and other expenses	106,515,088	99,287,690	(7,227,398)
NJ Corporate income tax	-	1,177,000	1,177,000
Interest	4,819,866	4,000,000	(819,866)
Depreciation	5,664,606	4,400,000	(1,264,606)
Total operating expenses	170,874,537	160,942,654	(9,931,883)
Income from operations	12,531,359	8,828,309	3,703,050
Other nonoperating income(loss)	(3,481,255)	-	(3,481,255)
Net income	9,050,104	8,828,309	221,795

NJMHMC, LLC
(D/B/A Hudson Regional Hospital)
Statements of Cash Flows
For 12 months ended December 31, 2023

	Combined
	Unaudited
<hr/>	
Cash Flows From Operating Activities	
Net income (loss)	\$ 9,050,104
Adjustments to reconcile net income to net cash (used in) provided by operating activities	
Depreciation and amortization	5,664,606
Changes in operating assets and liabilities:	
Patient accounts receivable	(1,655,694)
Supplies inventory	(61,896)
Prepaid expenses and other current assets	1,269,467
Accounts payable and accrued expenses	2,597,716
Accrued payroll and other related expenses	690,876
Third Party Liability	62,503
Net cash provided by operating activities	<u>17,617,685</u>
Cash Flows From Investing Activities	
Property and equipment acquired through asset purchase	
Purchases of property and equipment	<u>(14,710,923)</u>
Intangible assets	-
Net cash used in investing activities	<u>(14,710,923)</u>
Cash Flows From Financing Activities	
29E Loan	-
Net change of financing and operating leases	2,526,633
Net change in long term debts	(4,676,952)
CRB line of credit repayment	508,125
Member's contribution/(distribution)	(763,013)
Net cash provided by financing activities	<u>(2,405,208)</u>
Net increase (decrease) in cash and cash equivalents	501,553
Cash and Cash Equivalents	
Beginning of year	971,373
End of period	<u>\$ 1,472,926</u>

Combining NJMHMC LLC/ 55 Meadowlands Holding LLC
(D/B/A Hudson Regional Hospital)
Balance Sheet
As of:

Assets	Combining <i>UNAUDITED</i> December 31, 2023	NJMHMC <i>UNAUDITED</i> December 31, 2023	55 Meadowlands Holding <i>UNAUDITED</i> December 31, 2023	Eliminated <i>UNAUDITED</i> December 31, 2023
Current assets:				
Cash and cash equivalents	\$ 1,472,926	\$ 1,182,170	\$ 290,757	
Restricted cash	-	-	-	
Patients accounts receivable, net of allowance for doubtful accounts	55,774,923	55,774,923		
Supplies inventory	2,472,013	2,472,013		
Prepaid expenses and other current assets	2,586,253	2,586,253	-	
Malpractice insurance	3,320,000	3,320,000		
Total current assets	<u>65,626,115</u>	<u>65,335,358</u>	<u>290,757</u>	<u>-</u>
Deposits and other non-current assets	7,176	7,176		
Property, plant and equipment, net	70,240,787	9,158,085	61,082,701	
Operating Lease, right-of-use asset	779,400	779,400		
29E Loan -LT	42,800,000	-	42,800,000	
Due from affiliates	1,707,230	54,470,030	4,933,634	(57,696,435)
Intangible assets	370,623	370,623		
Total assets	<u>\$ 181,531,331</u>	<u>\$ 130,120,673</u>	<u>\$ 109,107,093</u>	<u>\$ (57,696,435)</u>
Liabilities and Member's Equity				
Current liabilities:				
Accounts payable and accrued expenses	\$ 34,100,298	\$ 38,781,178	\$ 53,015,555	(57,696,435)
Accrued payroll and other related expenses	3,894,902	3,894,902		
Current portion of financing lease obligation	1,775,589	1,775,589		
Current portion of operating lease liability	316,910	316,910		
Current portion of note payable	951,803	951,803		
Current portion of long-term debt	496,037	-	496,037	
Line of Credit	5,508,125	5,508,125		
Malpractice claims	3,320,000	3,320,000		
Current portion of estimated amounts due to third party payor	241,248	241,248		
Total current liabilities	<u>50,604,912</u>	<u>54,789,755</u>	<u>53,511,592</u>	<u>(57,696,435)</u>
Financing lease obligations, net of current portion	4,781,052	4,781,052		
Operating lease liability, net of current portion	491,925	491,925		
Note payable	-	-		
Long-term debt, net of current portion	43,615,251	-	43,615,251	
Total long-term liabilities	<u>48,888,228</u>	<u>5,272,977</u>	<u>43,615,251</u>	<u>-</u>
Total liabilities	<u>99,493,140</u>	<u>60,062,732</u>	<u>97,126,843</u>	<u>(57,696,435)</u>
Member's equity				
Member's equity	73,751,099	59,456,266	14,294,833	
Member's contribution/(distribution)	(763,013)	696,987	(1,460,000)	
Current year net income/(loss)	9,050,104	9,904,687	(854,583)	
Total member's equity	<u>82,038,190</u>	<u>70,057,940</u>	<u>11,980,250</u>	<u>-</u>
Total liabilities and member's equity	<u>\$ 181,531,331</u>	<u>\$ 130,120,673</u>	<u>\$ 109,107,093</u>	<u>\$ (57,696,435)</u>

Combining NJMHMC LLC/ 55 Meadowlands Holding LLC
Income Statement
For 12 months ended December 31, 2023

	Combining UNAUDITED	NJMHC UNAUDITED	55 Meadowlands Holding UNAUDITED	Eliminated UNAUDITED
Net Patient Service Revenue	\$ 176,073,480	\$ 176,073,480		
Other revenue	7,332,416	5,077,693	6,229,413	(3,974,691)
Total Operating Revenue	183,405,896	181,151,173	6,229,413	(3,974,691)
Operating Expense				
Salaries and wages	41,931,815	41,931,815		
Fringe benefits	8,580,505	8,580,505		
Physician Fees	3,362,656	3,362,656		
Supplies and other expenses	106,515,088	109,536,349	953,430	(3,974,691)
NJ Corporate income tax	-	-		
Interest	4,819,866	849,105	3,970,761	
Depreciation	5,664,606	3,504,802	2,159,805	
Total operating expenses	170,874,537	167,765,231	7,083,996	(3,974,691)
Income from operations	12,531,359	13,385,942	(854,583)	-
Other nonoperating income/(loss)	(3,481,255)	(3,481,255)	-	
Net income	9,050,104	9,904,687	(854,583)	-

Hudson Regional Hospital
Patient Year To Date 2023 Statistics
Comparison of December 31, 2023 to December 31, 2022

	Dec'2022	Dec'2023	incr/(decr)	% incr/decr
HR 3rd FI Medical/Surgical	3,235	3,284	49	1.5%
HR ICU/CCU	390	447	57	14.6%
ER	14,989	14,465	(524)	-3.5%
SDS	6,927	7,616	689	9.9%
Endo	1,154	1,711	557	48.3%
Total	26,695	27,523	828	3.1%

HUDSON REGIONAL HOSPITAL
 Period End Accounts Receivable by Bill Date
 Jan-Dec 2023

		NET				ACCT TYPE	INS	BAD DEBT	CLIENT		AGING						
	OPEN	BILLED	RCPTS	ADJS	REFS	CHANGE	XFRS	XFRS	XFRS	CLOSE	0-30	31-60	61-90	91-120	121-150	151+	
Auto																	
I	ICU	6,900,610	2,631,311	(292,572)	(1,687,808)	-	45,989	2,254,024	-	-	9,851,554	1,121,705	612,481	1,250,494	61,307	-	6,805,567
I	INP	140,351,661	81,605,336	(9,580,618)	(30,598,947)	-	1,504,498	14,173,032	-	-	197,454,964	22,266,673	7,404,517	22,942,346	6,981,055	3,498,404	134,361,969
O	AMB	54,243	89,559	(13,068)	(9,034)	-	-	8,324	-	-	130,024	5,911	3,297	6,751	7,661	11,254	95,150
O	ER	1,804,635	765,882	(539,820)	(370,598)	-	-	391,899	(7,937)	-	2,044,061	80,815	48,630	92,887	72,205	28,247	1,721,276
O	MSU	161,405,238	87,353,464	(10,854,014)	(46,327,515)	-	(1,000,715)	14,179,274	-	-	204,755,732	22,417,775	10,568,750	12,881,323	3,869,168	5,172,354	149,846,363
O	OBS	2,059,783	1,226,989	(84,735)	(773,283)	-	-	1,852,531	-	-	122,893	209,578	2,351,572	2,024,866	1,781,235	53,089,918	
O	OUT	59,262,007	21,281,995	(2,678,826)	(16,613,205)	-	-	1,084,604	(3,380)	-	62,333,195	1,855,307	1,230,297	2,351,572	2,024,866	1,781,235	
O	REC	75,947	17,042	-	-	-	-	92,989	-	-	-	-	-	-	-	17,042	75,947
INS GRP: AUTO		371,914,124	194,971,578	(24,043,652)	(96,380,390)	-	0	32,064,707	(11,317)	-	478,515,050	47,748,186	19,990,865	39,734,951	13,019,913	10,508,537	347,512,598
BC																	
I	INP	343,503	-	(22,068)	(49,610)	-	-	-	-	-	271,825	-	-	-	-	-	271,825
O	AMB	3,666	(1,618)	(449)	-	-	-	1,721	-	-	3,320	-	-	-	-	-	3,320
O	ER	46,348	45,529	(5,862)	(52,886)	-	-	(5,737)	-	-	27,392	(284)	150	75	-	-	27,451
O	MSU	93,007	-	(5,823)	(51,576)	-	-	-	-	-	35,608	-	-	-	-	10,234	25,374
O	OBS	(3,670)	-	-	3,820	-	-	(150)	-	-	-	-	-	-	-	-	-
O	OUT	55,092	23,467	(4,536)	(40,450)	-	-	1,303	-	-	34,877	1,645	2,773	-	-	(244)	30,703
INS GRP: BC		537,947	67,378	(38,739)	(190,702)	-	-	(2,863)	-	-	373,022	1,362	2,773	150	75	9,991	358,672
COMMERCIAL																	
I	ICU	4,529,916	11,232,930	(1,397,612)	(11,619,839)	-	-	(30,102)	-	-	2,715,293	1,512,405	386,867	335,690	215,365	(181,378)	446,344
I	INP	56,854,264	152,720,869	(25,719,440)	(124,240,295)	-	(2,565,961)	3,546,121	-	-	60,595,557	16,464,055	4,447,383	4,725,883	3,405,550	864,728	30,687,957
O	AMB	645,418	826,679	(162,073)	(573,167)	-	-	39,753	-	-	776,610	54,726	21,744	23,983	13,812	23,905	633,240
O	ER	10,824,615	27,190,000	(3,975,645)	(26,652,939)	-	53,797	(927,825)	-	-	6,512,003	1,197,183	391,176	164,042	159,842	296,988	4,302,771
O	MSU	40,773,051	133,150,607	(18,734,029)	(125,757,043)	-	2,127,309	5,956,004	-	-	37,515,899	15,719,390	3,936,626	1,680,841	92,815	15,420,295	
O	OBS	2,530,054	2,142,137	(418,300)	(3,317,422)	-	384,855	313,470	-	-	1,634,794	579,653	272,251	35,417	(101,301)	22,427	826,347
O	OUT	9,508,994	22,760,983	(3,117,121)	(21,045,700)	-	-	(215,377)	-	-	7,891,780	1,008,824	670,993	364,713	416,830	364,962	5,065,459
O	REC	61,457	24,360	(7,993)	(67,273)	-	-	-	-	-	10,552	-	2,439	-	-	-	8,112
INS GRP: COMMERCIAL		125,727,770	350,048,564	(53,532,214)	(313,273,679)	-	(0)	8,682,045	-	-	117,652,487	36,536,237	10,129,479	7,330,569	4,017,285	2,248,392	57,390,525
EH																	
I	INP	325,141	-	-	-	-	-	-	-	-	325,141	231	-	-	-	-	324,910
O	ER	48,313	260,062	-	(27,344)	-	(1,163)	318	-	-	280,186	12,992	17,581	18,597	16,114	40,040	174,861
O	MSU	(15,486)	15,443	-	-	-	-	466	-	-	423	-	-	-	-	-	423
O	OBS	(3,547)	-	-	-	-	-	3,547	-	-	-	-	-	-	-	-	-
O	OUT	1,635,801	207,537	(100)	(107,704)	-	1,163	9,187	-	-	1,745,885	2,574	2,217	11,350	18,338	3,934	1,707,473
O	REC	(12,987)	20,029	1,026	(45,585)	-	-	3,653	-	-	(33,863)	-	-	-	-	-	(33,863)
INS GRP: EH		1,977,235	503,072	926	(180,633)	-	-	17,171	-	-	2,317,771	15,797	19,798	29,947	34,453	43,973	2,173,804
MCD																	
I	ICU	1,598,767	202,376	(15,005)	(110,764)	-	-	8,428	-	-	1,683,802	-	-	-	-	-	1,683,802
I	INP	9,992,883	5,741,752	(262,681)	(3,936,273)	-	(27,047)	1,224,265	-	-	12,732,900	1,069,596	190,060	310,256	608,301	122,472	10,432,216
O	AMB	182,659	110,038	(2,824)	(30,848)	-	-	28,864	-	-	282,890	6,618	8,169	10,891	15,911	12,305	228,996
O	ER	2,225,688	1,821,908	(51,429)	(804,455)	-	-	(59,241)	-	-	3,132,471	154,741	143,554	100,079	127,590	69,636	2,536,871
O	MSU	767,248	384,045	2,520	(252,367)	-	75,731	(51,029)	-	-	926,148	-	123,555	20,406	-	198	781,899
O	OBS	150,446	294,561	(7,948)	(196,456)	-	-	(48,683)	-	-	167,039	-	-	-	-	-	167,039
O	OUT	295,772	152,646	(5,029)	(87,408)	-	-	26,757	-	-	382,738	11,434	2,934	7,566	433	4,720	355,651
O	REC	144	-	-	-	-	-	-	-	-	144	-	-	-	-	-	144
INS GRP: MCD		15,213,607	8,707,327	(342,397)	(5,418,569)	-	(0)	1,148,163	-	-	19,308,130	1,242,388	468,273	449,198	752,235	209,331	16,186,706
MCR																	
I	ICU	2,470,381	8,466,829	(1,021,635)	(8,650,439)	-	-	291,638	-	-	1,556,775	1,148,549	43,862	-	-	-	364,363
I	INP	7,198,734	67,786,059	(6,590,027)	(62,114,474)	-	546,876	1,539,058	-	-	8,366,226	1,561,123	1,575,949	1,548,913	113,283	317,362	3,249,597
O	AMB	752,414	1,159,133	(218,634)	(1,129,912)	-	-	14,495	-	-	577,495	64,076	13,657	22,655	25,439	20,932	430,735
O	ER	1,159,059	4,639,372	(264,331)	(4,860,706)	-	17,131	(2,398)	-	-	688,127	358,069	94,366	11,772	17,349	28,896	177,674
O	MSU	4,647,207	30,145,094	(2,167,904)	(23,583,150)	-	(513,538)	1,198,959	-	-	9,726,669	3,561,325	2,235,107	543,837	429,942	325,722	2,630,736
O	OBS	296,791	658,440	(84,789)	(600,884)	-	(50,470)	(9,905)	-	-	209,183	57,459	585	-	-	-	151,139
O	OUT	1,518,743	6,176,342	(283,779)	(5,538,324)	-	-	225,791	-	-	2,098,773	748,443	194,809	110,490	95,130	121,086	828,815
O	REC	49,366	3,167	(341)	(997)	-	-	86	-	-	51,281	-	1,037	-	792	-	49,452
INS GRP: MCR		18,092,694	119,034,435	(10,631,440)	(106,478,885)	-	0	3,257,724	-	-	23,274,528	7,499,043	4,159,373	2,237,667	681,936	813,998	7,882,510
MNGD MCD																	
I	ICU	4,223,954	3,220,247	(314,500)	(2,235,170)	-	-	(256,985)	-	-	4,637,546	302,234	115,691	506,514	-	47,417	3,665,690
I	INP	20,098,735	34,316,288	(2,155,134)	(13,643,511)	-	(1,025,803)	5,766,579	-	-	43,357,154	4,413,741	4,199,437	4,379,558	2,076,567	1,764,475	26,523,376
O	AMB	956,437	1,006,765	(128,286)	(501,470)	-	-	51,628	-	-	1,385,075	64,612	51,196	105,467	59,956	63,346	1,040,497
O	ER	5,725,469	23,206,111	(1,545,561)	(18,867,348)	-	57,772	217,756	-	-	8,794,199	1,011,648	1,404,117	821,464	525,981	589,851	4,441,139
O	MSU	16,256,032	47,605,529	(3,336,662)	(23,991,966)	-	598,664	555,095	-	-	37,686,692	5,553,316	4,358,444	3,139,504	1,556,518	1,507,225	21,571,685
O	OBS	2,043,326	855,942	(61,672)	(1,262,824)	-	369,368	(210,632)	-	-	1,733,508	286,815	65,241	15,940	-	51,976	1,313,536
O	OUT	4,591,040	17,173,769	(1,428,221)	(9,679,420)	-	-	337,210	-	-	10,994,377	2,408,038	1,337,583	1,133,767	921,580	695,358	4,498,050
O	REC	8,783	12,585	-	(18,784)	-	-	(1,976)	-	-	608	-	-	-	-	-	608
INS GRP: MNGD MCD		53,903,775	127,397,237	(8,970,036)	(70,200,492)	-	0	6,458,675	-	-	108,589,158	14,040,404	11,531,710	10,102,214			

HUDSON REGIONAL HOSPITAL
 Period End Accounts Receivable by Bill Date
 Jan-Dec 2023

		OPEN	NET BILLED	RCPTS	ADJS	REFS	ACCT TYPE CHANGE	INS XFERS	BAD DEBT XFERS	CLIENT XFERS	CLOSE	0-30	31-60	AGING 61-90	91-120	121-150	151+	
MNGD MCR																		
I	ICU	592,636	3,157,695	(333,326)	(1,981,996)	-	-	(993,777)	-	-	441,231	91,814	2,378	(1,556)	-	(66,714)	415,309	
I	INP	9,023,677	43,368,344	(2,969,969)	(30,432,516)	-	(413,538)	3,460,238	-	-	22,032,236	1,892,391	7,667,813	314,253	360,943	1,555,454	10,245,383	
O	AMB	396,917	426,272	(57,655)	(264,277)	-	-	15,152	-	-	516,409	31,982	16,376	25,600	7,729	9,811	424,910	
O	ER	1,238,544	4,261,832	(274,451)	(3,613,493)	-	-	41,149	-	-	1,653,581	137,696	228,926	142,456	170,819	120,182	853,503	
O	MSU	11,703,528	33,637,484	(2,823,945)	(25,664,334)	-	411,301	564,847	-	-	17,828,880	4,752,595	2,860,054	1,309,795	991,324	552,331	7,362,782	
O	OBS	1,138,347	423,826	(81,370)	(1,070,479)	-	-	2,238	-	-	640,604	95,388	84,056	44,066	90	68,655	347,999	
O	OUT	2,096,055	9,277,221	(496,224)	(6,436,698)	-	-	226,383	-	-	4,666,737	1,336,606	545,194	354,922	375,020	339,723	1,715,273	
O	REC	126,847	6,969	(28,100)	(26,016)	-	-	9,059	-	-	88,759	6,969	-	-	-	-	81,790	
INS GRP: MNGD MCR		26,316,550	94,559,643	(7,065,039)	(69,489,810)	-	0	3,551,093	-	-	47,872,437	8,338,471	11,412,115	2,189,536	1,905,924	2,579,442	21,446,949	
NF																		
I	ICU	1,783,282	1,688,587	(278,181)	(190,353)	-	266,496	(1,494,547)	-	-	1,775,284	548	289,705	-	622,394	-	862,637	
I	INP	30,452,237	57,188,566	(9,324,633)	(9,236,396)	-	764,071	(31,443,574)	-	-	38,400,271	7,723,775	4,106,155	2,811,732	313,234	606,357	22,839,018	
O	AMB	104,561	96,060	(22,302)	(16,996)	-	-	29,627	-	-	190,950	14,766	9,531	9,105	7,058	184	150,306	
O	ER	1,505,370	1,183,487	(1,087,035)	(382,083)	-	-	267,603	(1,271)	-	1,486,070	146,104	38,099	99,061	22,357	59,876	1,120,572	
O	INF	14	-	-	(14)	-	-	-	-	-	-	-	-	-	-	-	-	
O	MSU	53,863,768	64,634,458	(10,897,396)	(21,125,999)	-	(1,340,447)	(20,456,597)	-	-	64,677,787	9,448,124	6,938,419	5,354,513	1,139,050	1,540,785	40,256,897	
O	OBS	478,663	135,474	(14,988)	(121,720)	-	97,051	(385,104)	-	-	189,377	-	-	-	-	-	189,377	
O	OUT	23,806,636	15,285,579	(2,564,939)	(10,262,043)	-	212,829	(2,408,853)	-	-	24,069,211	1,226,806	716,541	951,964	1,016,593	647,115	19,510,191	
INS GRP: NF		111,994,531	140,212,210	(24,189,474)	(41,335,604)	-	-	(55,891,444)	(1,271)	-	130,788,949	18,560,123	12,098,450	9,226,376	3,120,686	2,854,316	84,928,998	
OTHER																		
I	INP	208,193	1,548,601	-	(496,492)	-	(225,238)	-	-	-	1,035,064	-	628,191	-	161,658	-	245,216	
O	AMB	1,602	-	-	-	-	-	-	-	-	1,602	-	-	-	-	-	1,602	
O	ER	208,708	1,035,514	-	(106,271)	-	-	(9,032)	-	-	1,128,918	70,947	63,603	101,966	66,188	64,937	761,277	
O	MSU	300,286	2,351,433	-	(1,088,643)	-	-	152,345	-	-	1,716,735	251,687	228,063	200,086	147,083	151,693	738,123	
O	OBS	(6,029)	22,555	-	-	-	-	72,892	-	-	95,448	-	22,798	-	25,806	-	46,843	
O	OUT	382,006	2,589,840	(915)	(188,745)	-	-	(47)	-	-	2,782,138	169,912	129,350	111,901	218,371	190,350	1,962,255	
O	REC	25,636	2,816	-	(1,616)	-	-	(3,653)	-	-	23,183	-	-	-	-	-	23,183	
INS GRP: OTHER		1,120,402	7,550,759	(915)	(1,881,768)	-	(0)	(5,390)	-	-	6,783,088	492,546	1,072,005	413,953	593,299	432,786	3,778,499	
SP																		
I	ICU	7,802,332	543,359	(15,003)	(1,804,218)	-	-	(37,953)	-	-	6,488,516	670,346	3,639	22,426	78,246	-	5,713,859	
I	INP	47,538,050	10,350,983	(966,752)	(10,596,733)	-	(27,155)	5,314,249	-	-	52,212,642	3,803,279	2,455,261	3,564,381	800,135	635,390	40,954,197	
O	AMB	2,251,486	1,392,488	(46,216)	(24,282)	-	-	(209,015)	-	-	3,364,461	124,030	90,691	142,258	115,150	114,962	2,777,370	
O	ER	48,990,135	13,986,370	(764,982)	(24,798,276)	-	16,106	(647,169)	(9,014)	-	36,773,168	1,305,416	1,488,059	1,196,896	1,079,968	1,043,655	30,659,174	
O	MSU	19,589,140	3,631,491	(734,975)	(3,537,770)	-	5,000	3,067,863	(116,446)	-	21,904,303	1,356,648	1,089,878	469,545	235,576	598,907	18,153,748	
O	OBS	2,504,266	27,468	(12,553)	(1,162,488)	-	6,049	15,267	-	-	1,378,009	200	140,912	1,042	100	1,235,755		
O	OUT	10,913,545	4,434,027	(305,086)	(1,185,853)	-	-	988,557	-	-	14,845,190	376,152	306,633	235,916	141,702	439,309	13,345,479	
O	REC	151,469	(9,325)	(288)	(39,351)	-	-	(7,168)	-	-	95,337	18	-	-	-	-	95,319	
INS GRP: SP		139,740,422	34,356,860	(2,245,854)	(43,148,972)	-	0	8,484,629	(125,460)	-	137,061,626	7,636,090	5,575,073	5,632,465	2,450,777	2,832,323	112,934,899	
TP																		
O	ER	-	6,615.12	-	-	-	-	(6,615.12)	-	-	-	-	-	-	-	-	-	
O	MSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
INS GRP: TP		-	6,615	-	-	-	-	(6,615)	-	-	-	-	-	-	-	-	-	
WC																		
I	ICU	5,993,520	4,650,025	(467,803)	(4,411,432)	-	-	259,274	-	-	6,023,584	2,176,788	188,216	656,489	-	-	3,002,091	
I	INP	127,366,337	148,545,404	(27,271,905)	(99,914,570)	-	4,156,327	(3,579,968)	(6,473,842)	-	142,827,783	30,391,096	17,814,831	12,576,613	2,025,449	2,552,786	77,467,009	
O	AMB	145,475	71,441	(48,495)	(15,517)	-	-	24,451	(1,629)	-	175,727	3,509	8,037	7,807	4,591	146,325		
O	ER	4,286,242	1,635,747	(1,288,932)	(699,354)	-	-	739,293	9,014	-	4,682,011	105,330	103,829	159,973	197,709	207,121	3,908,049	
O	INF	662	-	(33)	-	-	-	-	-	-	629	-	-	-	-	-	629	
O	MSU	73,580,271	92,414,528	(10,725,631)	(51,101,974)	-	(3,333,071)	(5,016,195)	(2,762,737)	-	93,055,191	13,878,778	9,658,466	9,961,581	3,923,028	2,688,708	52,944,630	
O	OBS	1,897,486	1,968,904	(177,487)	(1,434,033)	-	-	(823,256)	-	-	1,522,380	359,641	114,357	31,129	-	-	1,017,253	
O	OUT	26,721,168	23,885,417	(3,394,462)	(15,246,907)	-	-	(275,516)	(82,419)	-	31,607,280	1,828,599	1,300,043	1,833,646	1,584,388	1,394,260	23,666,345	
O	REC	14,890	-	-	(14,890)	-	-	-	-	-	-	-	-	-	-	-	-	
INS GRP: WC		240,006,052	273,171,465	(43,374,748)	(172,836,677)	-	(0)	(7,757,895)	(9,311,612)	-	279,894,584	48,743,740	29,187,779	25,196,109	7,766,294	6,848,333	162,152,330	
GRAND TOTAL		1,106,545,109	1,350,587,145	(174,433,582)	(920,818,180)	-	(0)	(0)	(9,449,661)	-	1,352,430,830	190,854,386	105,647,692	102,543,134	39,483,478	34,101,069	879,801,071	

Net patient receivable billed	54,958,912	7,755,775	4,293,219	4,167,059	1,604,495	1,385,770	35,752,593
Net patient receivable unbilled	816,011	-	-	-	-	-	-
Total net receivable	55,774,923	7,755,775	4,293,219	4,167,059	1,604,495	1,385,770	35,752,593