

NEW JERSEY DEPARTMENT OF HEALTH - CERTIFICATE OF NEED

Department Staff Project Summary, Analysis & Recommendations

Transfer of Ownership

Name of Facility: CarePoint Health – Bayonne Medical Center
CN FR # 2024-04353-09;01

Name of Applicant: Hudson Regional Hospitals, LLC

Total Project Cost: \$13,000,000.00

Location: Bayonne

Service Area: Hudson County

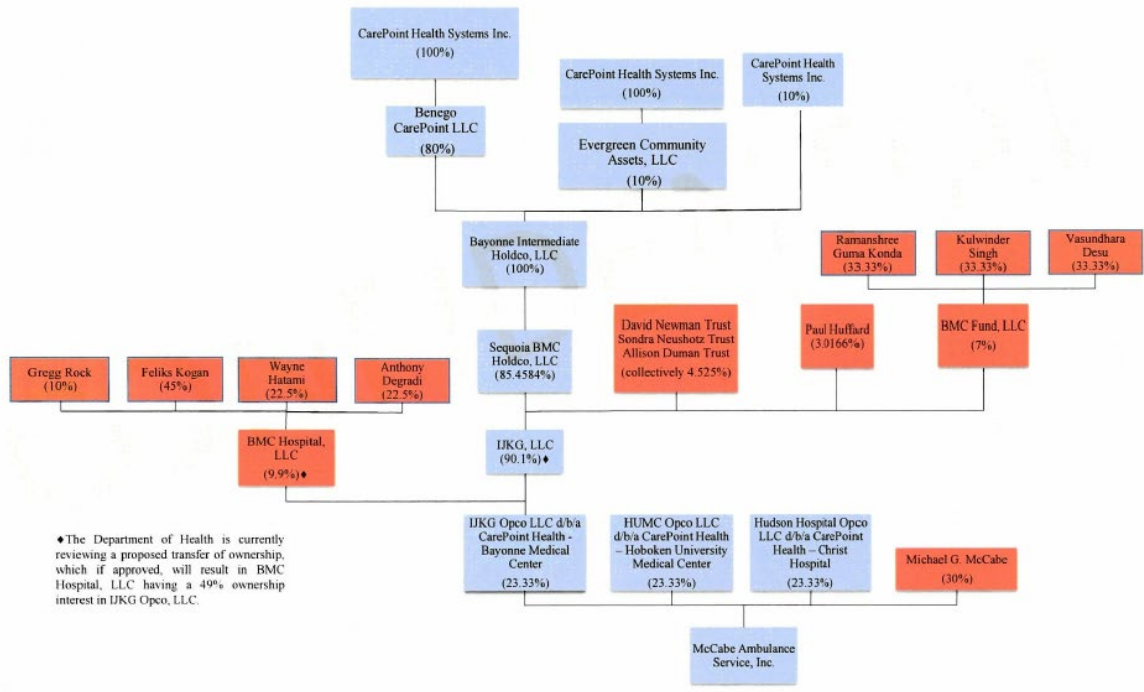
Applicant's Project Description:

This application is for the transfer of ownership of CarePoint Health – Bayonne Medical Center (BMC or the Hospital). Hudson Regional Hospitals, LLC (HRH), a for-profit limited liability company, will be the direct owner of the Hospital upon completion of the transaction.

IJKG Opco, LLC, (IJKG Opco, the Operator or the Seller), a New Jersey Limited Liability Company, is the licensed operator of BMC. The Hospital was acquired by IJKG Opco in 2008 and is a member of CarePoint Health, along with CarePoint Health – Christ Hospital and CarePoint Health – Hoboken University Medical Center.

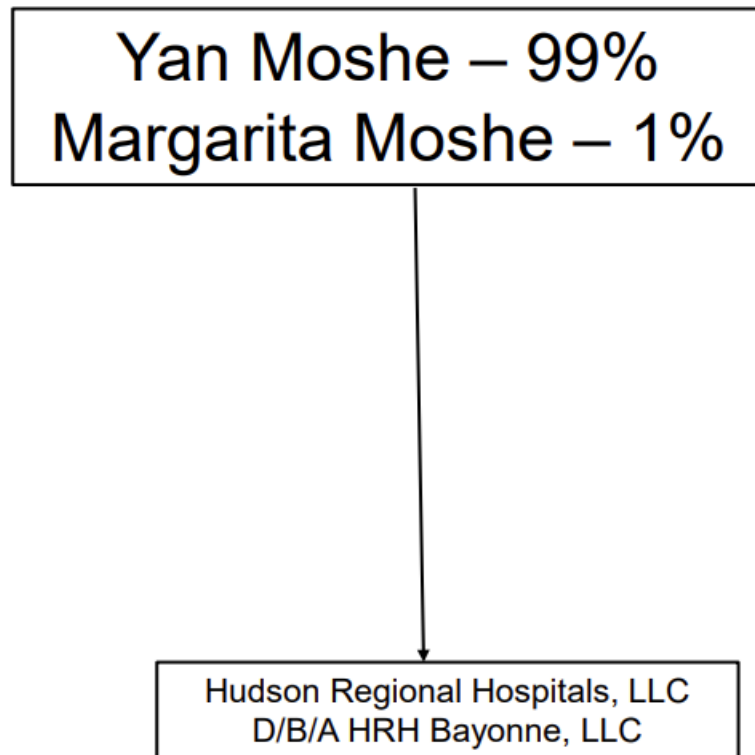
The Hospital ownership prior to the proposed transaction and subsequent to the transaction are detailed below.

The current ownership of BMC effective October 21, 2023, is as follows:



Upon completion of the transfer, the ownership of BMC will be as follows:

ORGANIZATION CHART



BMC is located in Hudson County at 29 East 29th Street in Bayonne, New Jersey, 07002. It is a General Acute Care Hospital, License # 10901, with 244 acute care beds. The Hospital bed types are as follows: 205 Medical/Surgical Beds; 14 Adult ICU/CCU Beds; 15 Adult Acute Psychiatric Beds (Closed); and 10 OB/GYN Beds. Other services provided are as follows: 6 Inpatient Operating Rooms; 2 Cystoscopy Rooms; 2 Cardiac Catheterization Labs; 1 MRI; 2 Hyperbaric Chambers; 2 Computerized Tomography (CT); 1 Linear Accelerator; 1 PET/CT Combined Unit and 1 Cardiac Elective Angioplasty with Off-site Cardiac Surgery Backup. In addition, BMC is also licensed as a Primary Stroke Center and a Community Perinatal Center- Basic.

The Applicant has stated: “No reduction, elimination or relocation of services are proposed. Upon Transfer of Ownership, HRH will assess the needs of the community and may add services or reduce, depending on the needs.”

Applicant’s Justification of Need:

The Applicant stated: “The management expertise provided by the Hudson Regional Hospital’s (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...[and] this transfer of ownership will preserve access to care by providing the management and financial resources to ensure that the hospital does not close.

Upon assumption of the hospital ownership, HRH will develop a team approach to management at BMC. 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 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, BMC will implement several initiatives some of which outlined below are designed to stabilize and/or grow admissions at the Hospital and allow BMC 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 BMC;
2. HRH will actively recruit new physicians to BMC and encourage physicians who previously utilized the Hospital to once again utilize BMC to meet the healthcare

needs of their patients. In this regard, HRH will, in conjunction with community leaders and BMC medical staff, identify those specialties, if any, that are needed at HRH and surrounding hospitals, and work with BMC medical staff to identify and recruit specialists;

3. HRH will bring operational efficiencies to BMC'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 BMC;
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 Hudson Regional Hospital. It creates a lean, quick approach to decision making. Given the healthcare hospital expertise that the HRH team collectively has, they will be able to apply this to BMC;
6. Introduce preferred vendor rates to BMC 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 BMC which will result in an excellent addition given BMC's surgical residency program. HRH currently has a combined number of over 100 surgeons that are currently active at Hudson Regional Hospital;
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 Hudson Regional Hospital to BMC 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 Hudson Regional Hospital's case management program which has resulted in a Medicare average length of stay (ALOS) of 3.5 days and an overall ALOS of 2.5, 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 BMC 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 Hudson Regional Hospital.

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

The Applicant further stated: “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 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 performance under the new management, which demonstrate the ability to both assume ownership of a struggling facility and to allow it to thrive:

1. 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;
2. 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;
3. 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;
4. Hudson Regional Hospital 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;

5. Hudson Regional Hospital 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 at HRHS are more than \$50.0 million;
6. Hudson Regional Hospital 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;
7. Hudson Regional Hospital 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.
8. The hospital continues to maintain in-network Agreements with every major commercial insurer;
9. 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;
10. 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 BMC as an acute care hospital and is committed to maintaining all beds and services currently offered by BMC. 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.”

Applicant’s Statement of Compliance with Statutory & Regulatory Requirements:

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

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

According to the Applicant:

The applicant stated “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.”

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

According to the Applicant:

The applicant states this is not applicable.

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

According to the Applicant:

The Applicant stated “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.”

4. The availability of sufficient workforce labor pool in the several professional disciplines:

According to the Applicant:

The Applicant stated “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.”

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

According to the Applicant:

The Applicant stated “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 Hudson Regional Hospital 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 BMC’s medical staff to identify and recruit specialists. HRH will bring operational efficiencies to BMC’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.”

Public Hearing:

A public hearing was held on November 13, 2024, from 6:00 pm to 7:00 pm, at CarePoint Health – Bayonne Medical Center, 29 E 29th Street, Cafeteria, Bayonne, NJ 07002. For those who wished to attend virtually, remote access was provided.

Representatives from the State Health Planning Board and the Department along with approximately 108 individuals were in attendance. There were 13 speakers, comprised of the Mayor of Bayonne, Councilmen, medical staff, and Bayonne residents who supported the transaction, asserting the need for this transaction to be approved so that the Hospital may continue to serve the people of Bayonne.

Department Staff Analysis:

Department staff have determined to move forward so as not to interrupt the delivery of health care in the region. In reviewing the application, the Department concluded that the Applicant has adequately documented compliance with the applicable CN rules (N.J.A.C. 8:33-1.1 et seq.) and general statutory standards at N.J.S.A. 26:2H-1 et seq. For the purpose of this review, this application is considered a transfer of ownership of a licensed facility currently offering health care services and not a reduction, elimination, or relocation of health care services.

Department staff reviewed the Applicant’s Certificate of Need application and determined that the Applicant’s rationale that this acquisition by HRH will offer proven management skills, and reliable access to a more financially secure facility in the service area, ultimately benefiting the existing providers in the greater service region, is based on a realistic assessment of the Applicant management history, funding sources, as well as Hospital’s service area and the health care services environment for Hudson County.

HRH has acknowledged that there are other general hospitals providing services in BMC’s service area and has committed to the continued operation of this Hospital with no reduction in services, and to continue to serve all area residents including indigent patients, without any disruption in the delivery of health care services.

Department staff notes that there are five hospitals in BMC’s service area identified in the following table which reflects drive times and driving miles for each from BMC:

Table 1
Distance from BMC- 10901
to Area Hospitals

| Hospital Name | Distance from BMC (miles) | Travel Time (minutes) |
|---|----------------------------------|------------------------------|
| Jersey City Medical Center | 6.1 | 15 |
| CarePoint Health- Christ Hospital | 6.9 | 15 |
| CarePoint Health- Hoboken University Medical Center | 7.6 | 20 |
| Palisades Medical Center | 11.8 | 30 |
| Hudson Regional Hospital | 14.8 | 23 |

Source: Google Maps

Note: If more than one route suggested, shortest travel time route was chosen.

After carefully reviewing the data, Department staff believe that the transfer of ownership and the maintenance of current services will not result in any negative impact on the community or patients that the Hospital has historically served or other area hospitals. Department staff is satisfied with Hudson Regional Hospital, LLC's representations that, in the future, it will operate BMC in full compliance with all licensing and CN requirements.

This transfer of ownership will not result in a change to the bed complement, services, staffing, or operations. The transfer of ownership appears to be a feasible option for ensuring that BMC continues to provide quality health care services to the community and maintain its financial viability.

Track Record:

The Department notes that the track record of facilities in and out of the state of New Jersey owned, operated, or managed by Hudson Regional Hospitals, LLC, in accordance with factors set forth at N.J.A.C. 8:33-4.10, show no pending issues/complaints, fines/penalties or disciplinary actions that would negatively impact the approval of the Application.

Adequacy of Financial Resources:

Hudson Regional Hospitals, LLC has represented that it has sufficient liquidity to meet all of its current and future obligations. As of December 31, 2023, Hudson Regional Hospital had \$1.5 million in cash and cash equivalents and total member's equity of \$82.0 million.

Staff Recommendations:

Based on the documentation of proposed compliance with regulatory and statutory criteria, Department staff recommends approving this transfer of ownership from IJKG Opco to Hudson Regional Hospitals, LLC for the reasons noted below.

Reasons:

1. The Department asserts that not approving the application may result in further undue financial hardship for BMC and CarePoint Health system as a whole.
2. Staff agrees that the approval of this transfer of ownership will ensure a stable hospital, through restructuring and orderly disposition of assets as a part of chapter 11 bankruptcy, which will enhance the financial viability of the Hospital and will have a minimal impact on the health care system as a whole.
3. The Applicant assures the Department that there will be no proposed reduction of workforce or delivery of healthcare as a result of this transaction.
4. The application and its attachments shall be incorporated and accepted as commitments and conditions of licensure.
5. The Applicant has stated that Hudson Regional Hospitals, LLC, in accordance with N.J.A.C. 8:43G-5.2(c), will not deny admission to any patients on the basis of an inability to pay or source of payment.
6. This transfer of ownership is expected to result in the continued promotion of the sharing of services and administrative efficiencies among BMC, CarePoint Health – Christ Hospital, and CarePoint Health – Hoboken University Medical Center.

Conditions:

Based on the documentation of compliance with regulatory and statutory criteria, Department staff recommends approving the transfer of ownership from IJKG Opco to Hudson Regional Hospitals, LLC with the following conditions:

1. Hudson Regional Hospitals, LLC shall submit a licensing application (CN-7) to the Department to execute the transfer of ownership of BMC.

2. In accordance with N.J.A.C. 8:33-3.3(h), Hudson Regional Hospitals, LLC shall submit a notification, in writing, to the Department of any future changes in their respective ownership interests in the Hospital. As applicable, Hudson Regional Hospitals, LLC will submit a Certificate of Need application and await approval by the Commissioner of Health for transactions that require a Full Review Certificate of Need.
3. Within 60 days of licensing, HRH shall establish a Governing Board for the Hospital responsible for (a) representing the Hospital in the community and taking into account the views of the community in its deliberations; (b) participating in BMC community outreach programs; (c) supervising the Hospital's Charity Care policies and practices; (d) monitoring financial indicators and benchmarks; (e) monitoring quality of care indicators and benchmarks; and (f) developing and implementing a CHNA that aligns itself with the State's health improvement plan and health promotion and disease prevention agenda for the decade.
4. The Governing Board shall adopt bylaws and maintain minutes of monthly meetings. HRH shall submit to the Division, on an annual basis, a current working description of the Governing Board's authorities, roles and responsibilities, and governance authority. On an annual basis, HRH shall provide the Division with the Governing Board's roster and advise the Division of any significant changes to the Governing Board's policies governing Board composition, governance authority, and Board appointments made during each year that the Hospital is in operation. The Governing Board shall maintain suitable representation of the residing population of the Hospital's service area who are neither themselves employees of, nor related to, employees or owners of, BMC or any parent, subsidiary corporation, or corporate affiliate of BMC.
5. Within 90 days of licensing, Hudson Regional Hospitals, LLC shall add a minimum of 3 community members to its Governing Board.
6. Within 30 days of licensing, HRH shall provide the Division with an organizational chart of the Hospital and each service that shows lines of authority, responsibility, and communication between HRH and hospital management and the Governing Board.
7. Within 90 days of licensure, HRH shall develop and participate in a Community Advisory Group (CAG) to provide ongoing community input to the Hospital's CEO and the Hospital's Governing Board on ways that HRH can better meet the needs of the residents in its service area.

- a. HRH shall determine the membership, structure, governance, rules, goals, timeframes, and the role of the CAG in accordance with the primary objectives set forth above and, within 60 days from the date of formation of the CAG, shall provide a written report to the Hospital's Governing Board setting forth that information, with a copy to the Division and subject to the Department's approval. The CAG shall meet at least quarterly.
 - b. HRH may petition the Department to disband the CAG not earlier than three years from the date of licensure and on a showing that all of the requirements in this condition have been satisfied for at least one year.
8. For the initial five years following the transfer of ownership, the following reports shall be submitted:
 - a. HRH shall submit annual reports to the Department detailing:
 - i. An annual accounting of any long- or short-term debt or other liabilities incurred on the Hospital's behalf and reflected on HRH's balance sheet; and
 - ii. A list of completed capital projects itemized to reflect both the project and its expenditure.
 - b. The members of HRH shall submit reports to the extent such member has made an investment in BMC during the previous year.
9. Hudson Regional Hospitals, LLC shall become current with audits and other filings, as well as post on the Hospital's website annual audited financial statements within 180 days of the close of the Hospital's fiscal year and shall post quarterly unaudited financial statements within 45 days of the close of the Hospital's fiscal quarter, in accordance with N.J.A.C. 8:96-2.2. All annual and quarterly statements shall be prepared in accordance with Generally Accepted Accounting Principles. With respect to the posting of quarterly unaudited financial statements, Hudson Regional Hospitals, LLC may include disclaimer language regarding the unaudited nature of the quarterly financial statements on its website where such statements are posted.
10. Within 60 days of posting its Audited Annual Financial Statements to the BMC website as required by N.J.A.C. 8:96-3.1, Hudson Regional Hospitals, LLC shall hold an Annual Public Meeting in New Jersey, pursuant to N.J.S.A. 26:2H-12.50, and shall make copies of those audited annual financial statements available at the Annual Public Meeting. Hudson Regional Hospitals, LLC shall develop mechanisms for the meeting that address the following:

- a. An explanation, in layperson's terms, of the audited annual financial statement;
 - b. An opportunity for members of the local community to present their concerns to HRH regarding local health care needs and hospital operations;
 - c. A method for HRH to publicly respond, in layperson's terms, to the concerns expressed by community members at the Annual Public Meeting.
11. As noted by the Applicant, no reductions in services or staff are expected as a result of this transfer of ownership. Six months after licensure, HRH shall submit documentation to the Department on any reduction of staff and provide the rationale for any reductions that may have occurred.
12. As noted in the CN application, HRH shall continue all clinical services currently offered at BMC for BMC patients. Any changes in this commitment involving either a reduction, relocation out of BMC's current service area, or elimination of clinical services offered by BMC, shall require prior written approval from the Department and shall be subject to all applicable statutory and regulatory requirements.
13. BMC shall continue compliance with N.J.A.C. 8:43G-5.21(a), which requires that "all hospitals shall provide on a regular and continuing basis, out-patient and preventive services, including clinical services for medically indigent patients, in those services provided on an in-patient basis." Documentation of compliance shall be submitted within 30 days of the issuance of the approval letter and quarterly thereafter, for a period of five years.
14. Every 12 months for the next five years, starting on the date a license is issued to the Applicant, HRH shall report in writing to the Division the progress on the implementation and measured outcomes of the following initiatives noted in the application to improve the operational efficiency and quality of care at BMC, and shall present the most current report to the public at the Hospital's Annual Public Meeting:
- a. Negotiations with health insurers on new contracts to generate better access for patients at BMC;
 - b. Efforts to fill service gaps to actively recruit new physicians and encourage those physicians who previously utilized the Hospital to once again return to provide care; and
 - c. Efforts to work in conjunction with community leaders and their own medical staff as well as surrounding hospitals to identify health care needs for more

specialized services and recruit appropriate medical staff to fill any service gap.

15. Related to its Behavioral Health services, BMC shall comply with all program requirements in accordance with N.J.A.C. 8:121 and shall report progress in resolving any identified compliance issues to the Behavioral Health staff at the Department.
16. BMC shall continue to comply with the Federal Emergency Medical Treatment and Active Labor Act (EMTALA) requirements, and provide care for all patients who present themselves at BMC, without regard to their ability to pay or payment source, in accordance with N.J.S.A. 26:2H-18.64 and N.J.A.C. 8:43G-5.2(c) and shall provide unimpaired access to all services offered by the Hospital.
17. The value of indigent care provided by Bayonne Medical Center (BMC) shall be determined by the dollar value of documented charity care, as calculated annually by the Department of Health utilizing the prevailing Medicaid rate.
18. Within 60 days of licensure, the Applicant shall notify the Department, in writing, of the individual who is responsible for the safekeeping and accessibility of all BMC's patients' medical records (both active and stored) in accordance with N.J.S.A. 26:8-5 and N.J.A.C. 8:43G-15.2.
19. BMC shall develop and implement a Community Health Needs Assessment (CHNA) in substantial compliance with Section 501(r)(3)(A) of the Internal Revenue Code as amended that aligns itself with the State's health improvement plan and health promotion and disease prevention agenda.
20. Prior to licensure, BMC shall identify a single point of contact as it relates to the status of all of the Conditions and reports submitted to the Department.
21. Within 12 months of licensure, and annually thereafter for five years, HRH shall provide the Department with a written report detailing:
 - a. Its plan for addressing the community needs to expand or add ambulatory care services;
 - b. If identified, it's plan to reduce any services and excess inpatient beds, plans for restructuring whether financial or strategic; and
 - c. Capital improvement plans, including physical plant improvements, equipment upgrades, additions (including IT), and other capital projects.

22. After the transfer is implemented, Hudson Regional Hospitals, LLC shall comply with all requirements of N.J.S.A. 26:2SS-1 et seq., the Out-of-Network Consumer Protection, Transparency, Cost Containment and Accountability Act (Act), including the requirements pertinent to the Department of Banking and Insurance (DOBI). As part of compliance, HRH must note that:

- a. If a covered person (i.e., a person on whose behalf a carrier is obligated to pay health care expense benefits or provide health care services) receives medically necessary services at BMC on an emergency or urgent basis as defined by the Emergency Medical Treatment and Active Labor Act, 42 U.S.C. s.1395dd et seq. and section 14 of P.L. 1992, c.160 (C.26:2H-18.64), HRH shall not bill the covered person in excess of any deductible, copayment, or coinsurance amount applicable to in-network services pursuant to the covered person's health benefits plan.
- b. If a covered person receives medically necessary services at BMC as an out-of-network health care facility on an emergency or urgent basis as defined by the Emergency Medical Treatment and Active Labor Act, 42 U.S.C. s.1395dd et seq. and section 14 of P.L. 1992, c.160 (C.26:2H-18.64), and the carrier and HRH cannot agree on the final offer as a reimbursement rate for these services pursuant to N.J.S.A. 26:2SS-9, the carrier, HRH, or covered person, as applicable, may initiate binding arbitration pursuant to N.J.S.A. 26:2SS-10 or 11.
- c. , If BMC is in-network with respect to any health benefits plan, HRH shall ensure that all health-care providers providing services in BMC on an emergency or inadvertent basis are provided notification of the provisions of the Act and information as to each health benefits plan including managed Medicaid plans with which BMC has a contract to be in-network.
- d. When Hudson Regional Hospitals, LLC contracts with a carrier to be in-network with respect to any health benefits plan, Hudson Regional Hospitals, LLC shall annually report to the Department, the health benefits plans with which Hudson Regional Hospitals, LLC has an agreement to be in-network.

23. After the transfer is implemented:

- a. HRH shall use its commercially reasonable best efforts to negotiate in good faith for in-network HMO and commercial insurance contracts, with commercially reasonable rates based on the rates that HMOs and commercial insurance companies pay to similarly situated in-network hospitals in the Northern New Jersey region.

- b. HRH shall convene quarterly meetings with the Department and the Department of Banking and Insurance (DOBI) to review and evaluate all issues arising in contract negotiations within the first year of licensure that may result in increases in out-of-network coverages. At a minimum, HRH shall have routine contact with the existing HMO and commercial insurers. If the existing HMO and commercial insurers fail to respond to requests for negotiations, then HRH shall notify the Department and DOBI, within 30 days of the failure to respond, to request assistance.
- c. Within 10 days of licensure, HRH shall post in a conspicuous place on the home page of the Hospital's website a link to information, of which it maintains the accuracy, identifying the health benefits plans in which the hospital participates. HRH shall provide in writing the information it posts to any person upon written, electronic, telephonic, or in-person request therefor. Upon making or amending an internet posting that N.J.A.C. 8:96-4.1 requires, HRH concurrently shall notify the Department of the occurrence of the posting by transmitting an e-mail containing a link to the posting to the following e-mail address: financial.reports@doh.nj.gov.
- d. Within the first year of licensure, HRH shall notify the Department 30 days in advance of the status of notices to terminate any HMO or commercial insurance contract that will expand out-of-network service coverage. HRH shall document how it will provide notice to patients and providers, as well as the impact that such action is reasonably expected to have on access to health care.
- e. During the first year from the date of licensure, HRH shall report to the Department, for each six-month period, the Hospital's payer mix and the number and percent of total hospital admissions that came through the emergency department. For four years thereafter, BMC shall report the aforesaid information to the Department on an annual basis.

24. Hudson Regional Hospitals, LLC shall ensure that it posts on its website the status of all insurance contracts related to patient care between the Hospital and insurance plans. The Hospital shall provide notices to patients concerning pricing and charges related to coverage during termination of plans.

25. BMC shall be assured of continued use of the Hospital property through any lease arrangement with 29 E 29th Street Holdings, LLC or any subsequent holder of the lease, for as long as this ownership entity, HRH, is the licensed operator of BMC. HRH shall comply with N.J.S.A. 26:2H-5.1b.a.(3) which states that no less than 90 days prior to signing an agreement for the sale or the lease of the land or property on which the Hospital is located, the entity shall provide notice to the Department of

the Hospital's intent to sign an agreement to sell or lease the land or property on which the Hospital is located. Notification to the Department shall include a copy of the agreement, the names of all parties included, and the intended use of proceeds from the sale or lease of the land or property.

26. Any and all litigation which may impact financial viability for BMC, in alignment with a default on a scheduled payment of debt service where the debt is secured by real estate assets, a rent payment, payroll, or payroll tax obligation, must be reported to the Department.

Failure to satisfy any of the aforementioned Conditions of approval may result in sanctions, including license suspension, monetary penalties, and other sanctions in accordance with N.J.S.A. 26:2H-1 et seq. and all other applicable requirements. Acceptance of these Conditions by the Applicant will be presumed unless written objections are submitted to the Department within 30 days of receipt of the approval letter. Upon receipt of such objections, this approval will be deemed suspended, and the project shall be re-examined in light of objections.