



State of New Jersey
DEPARTMENT OF HEALTH
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Acting Commissioner

December 15, 2017

VIA ELECTRONIC AND FIRST-CLASS MAIL

John Grywalski
Acting CFO
Meadowlands Hospital Medical Center
55 Meadowlands Parkway
Secaucus, NJ 07094

Re: Transfer of Ownership – Meadowlands
Hospital Medical Center
CN# FR 16-0702-09-01
Acquisition Cost: \$12,200,000
Expiration Date: December 15, 2022

Dear Mr. Grywalski:

I am approving the certificate of need (CN) application submitted on July 2, 2016, pursuant to N.J.A.C. 8:33-3.1, for the transfer of ownership of Meadowlands Hospital Medical Center (MHMC or Hospital), from MHA, LLC, a New Jersey limited liability corporation, to NJMHMC, LLC (NJMHMC or Applicant), a New Jersey limited liability corporation. Mr. Yan Moshe is the principal owner of NJMHMC. NJMHMC will operate the Hospital as a for-profit general hospital. A transfer of ownership of an entire general hospital is subject to the full CN review process, in accordance with N.J.A.C. 8:33-3.3(a)(1). I evaluated this application according to the standards set forth in statute (N.J.S.A. 26:2H-1 et seq.) and by administrative rule (N.J.A.C. 8:33). I am satisfied that the application submitted by NJMHMC is consistent with those requirements. The application is being approved at the acquisition cost noted above.

This CN approval is limited to the transfer of ownership of MHMC, a licensed general acute care hospital, located at 55 Meadowlands Parkway, Secaucus, NJ in Hudson County, with 204 acute care beds. This bed composition includes 138 Medical/Surgical beds, 14 Adult ICU/CCU beds, 22 OB/GYN beds, 26 Pediatric beds, and four (4) Neonatal Intermediate Care Bassinets. The Hospital is designated as a Community Perinatal Center Intermediate with the noted four (4) Neonatal Intermediate Care Bassinets. The Hospital's licensed service complement includes five (5) Mixed

Use Operating Rooms (ORs), one (1) Cystoscopy Suite, Acute Hemodialysis Service, one (1) Sleep Center Service, one (1) Magnetic Resonance Imager (MRI), and one (1) computerized Tomography (CT) Scanner, as well as outpatient services. As set forth in the CN application, NJMHMC agrees to continue all existing medical services offered by MHMC, maintain the existing licensed bed capacity, service complement and programs at the MHMC location and in their surrounding service areas. NJMHMC also agrees to hire substantially all hospital employees who are employed at the time of sale. In summary, upon completion of the transfer of ownership, NJMHMC proposes to operate MHMC as a general hospital with the same licensed bed complement and service levels previously operated by the current owner.

MHMC has experienced sustained operating losses and reduction in patient volume for several years. The Department of Health (Department) utilization data confirms that MHMC's volumes have increasingly declined from 2013 through 2016. Current ownership and the Applicant have determined that a transfer of the Hospital's assets to NJMHMC will strengthen the Hospital, positioning it to meet the healthcare needs of the residents of Hudson County in the most optimal manner. According to NJMHMC, the purpose of this transfer of ownership is to ensure that the residents of the MHMC service area continue to have access to critically needed quality health services.

NJMHC's application expresses its commitment to the continuity of services in Hudson County. In addition, at the November 21, 2017 SHPB meeting,¹ Mr. Moshe stated that "the hospital has been a greatly underutilized asset and there's much more that can be done to enable it to achieve its full potential, to provide high quality and cost-effective healthcare services to residents of Hudson County." (November 21, 2017 SHPB meeting transcript, p. 40). The Applicant noted in its application that it will provide an infusion of capital that will enhance the functional and operational efficiencies at MHMC and increase utilization. To accomplish the latter, the Applicant will provide the needed strategic leadership to enact measures to attract additional medical staff including multi-specialty practices and contracts with Federally Qualified Health Centers (FQHCs) as well as moving to in-network relationships with commercial payers. The transfer of ownership, as opposed to the closure of the Hospital, will preserve access to health care services for the community, including medically underserved populations.

For the reasons that follow, I am approving, with conditions, the application submitted for the transfer of ownership of MHMC to NJMHMC. My decision to approve

¹ On November 2, 2017, the State Health Planning Board (SHPB or Board) met to discuss the CN application for the transfer of ownership of MHMC, and to vote on whether to recommend approval or denial of the application. At that meeting, due to a deadlock of voting members, no formal action or recommendations to the Commissioner were made. The SHPB, therefore, held a special meeting on November 21, 2017, to again discuss the application, and vote on the Board's recommendation anew. At the November 21st meeting, the Board voted unanimously to recommend approval of the application.

this CN application is consistent with the recommendation of the SHPB, which recommended approval of CN# FR 160702-09-01 at its November 21, 2017 meeting. In reaching this decision, I considered the CN application for the transfer of ownership of MHMC, completeness questions and responses, the public hearing transcript, written comments and exhibits, the Department staff recommendations, and the SHPB transcript and recommendations from the November 21, 2017 meeting. The referenced materials are incorporated and made a part of this final decision.

Public Hearing

As part of the review process, in accordance with N.J.S.A. 26:2H-5.8, the SHPB is required to hold at least one public hearing in the service area of the health care facility, no later than 30 days after an application has been declared complete by the Department. The submitted CN application was deemed complete on October 5, 2017. A public hearing took place on Thursday, October 19, 2017, from 6:10 pm to 7:10 pm, at the Holiday Inn, Secaucus, NJ. Approximately 35 people attended the hearing, with 13 people speaking, 12 in favor of approval of the application. Many of the speakers in favor of the approval had been patients at the Hospital and recounted how "convenient" the Hospital is compared to others, and the "wonderful" care received there. A representative of the Health Professionals and Allied Employees (HPAE) union spoke in opposition based on the lack of financial transparency and requested that conditions, similar to those imposed on other recent purchasers of hospitals, be imposed on NJMHC.

Subsequent to the public hearing, at its November 21, 2017 meeting, the SHPB unanimously (5-0) recommended approval of this application with conditions.

Analysis

N.J.S.A. 26:2H-8, as well as N.J.A.C. 8:33-4.9(a), provide for the issuance of a CN only where the action proposed in the application for such certificate is necessary to provide required health care in the area to be served, can be economically accomplished and maintained, will not have an adverse economic or financial impact on the delivery of health services in the region or statewide, and will contribute to the orderly development of adequate and effective health care services. In making such determinations, I must take into consideration: (a) the availability of facilities or services that may serve as alternatives or substitutes; (b) the need for special equipment and services in the area; (c) the possible economies and improvement in services to be anticipated from the operation of joint central services; (d) the adequacy of financial resources and sources of present and future revenues; (e) the availability of sufficient manpower in the several professional disciplines; and (f) such other factors as may be established by regulation.

As to the specifics of this application, N.J.S.A. 26:2H-8(a) requires that I consider the availability of facilities or services that may serve as alternatives or substitutes. The Applicant recognizes the need for MHMC to continue operating as a general hospital, and has committed to operating it with no current plan to downsize services or reduce availability to any service currently provided at the Hospital. NJMHMC believes the successful completion of this transfer of ownership will preserve the current level of health care services in the area. I have also taken into consideration the locations of other general hospitals in Hudson County. Three facilities, CarePoint Health – Hoboken University Medical Center, CarePoint Health – Christ Hospital, and Hackensack Meridian Health Palisades Medical Center are located approximately six miles (and 14 minutes) from MCMH. Two additional facilities, RWJ Barnabas Health Jersey City Medical Center and CarePoint Health – Bayonne Medical Center are located approximately 20 minutes (and eight and 13 miles respectively) from MHMC. All other New Jersey hospitals in the area are located greater than nine miles from MHMC. Even with alternative facilities in the primary service area, the Applicant notes, “residents of the service area would likely experience limitations on access in health care services if MHMC were to close or significantly downsize its out-patient services.” At the November 21st SHPB meeting, Gary Jeffas, Secaucus Town Administrator, spoke on behalf of Secaucus and Mayor Gonnelli in support of the application, stating that it is important to the residents of Secaucus to have the Hospital remain as a general hospital, that it continue to provide emergency room and ambulance services, and that there be no significant decrease in the services provided at the Hospital. (November 21, 2017 SHPB meeting transcript, pp. 35-37). I find that the proposed transfer of ownership, the only application before me, will preserve appropriate access to health care services for the community, including the medically underserved population, and maintain continuity of services. I am concerned about the sustainability of this facility based on declining census and the availability of services in the surrounding area. Although the applicant has documented proposals to increase the utilization of existing resources and to operate MHMC in full compliance with all licensing and CN requirements, several conditions listed below are intended to monitor the applicant’s performance in increasing census and improving public health, community health services, and health and wellness through written reports. This Applicant has agreed to the transparency and accountability conditions included with this decision letter.

I also find that the requirement at N.J.S.A. 26:2H-8(b) to consider the need for special equipment and services in the area would be met in this case. NJMHMC has documented its intention to continue, to the extent possible, to offer the same services that are currently licensed at the facility and maintain all equipment and services necessary to operate the Hospital. Future adjustments will be based on an assessment of the health care needs of the region, determined in conjunction with the Secaucus community, with expansion of identified gaps in services and elimination of duplicated services.

With respect to N.J.S.A. 26:2H-8(c) regarding the possible economies and improvement in services to be anticipated from the operation of joint central services, there are economies of scale to be realized by this acquisition. For example, Mr. Moshe operates two surgery centers and, according to the application, has a well demonstrated history of the implementation of successful operation strategies. NJMHMC suggests that it will, in conjunction with community leaders and MHMC medical staff, identify those specialties that are needed at MHMC and other area hospitals and work with MHMC's medical staff to identify and recruit specialists. At the November 21, 2017 SHPB meeting, Felicia Karsos, MHMC's Chief Executive Officer, stated that "[w]e have started reaching out to some of the physicians that were active [at the Hospital before the out-of-network approach was implemented by the current owners], but we've also started to reach out to other physicians through [Mr. Moshe's] engagement with the ambulatory surgery centers. There are physicians there who are interested, as well, in joining Meadowlands Hospital. . . . With respect to [Obstetrics], . . . [w]e have started talking to FQHCs. Our plan is to reach out to FQHCs to see if we can take some of their volume." (Id. at p. 45). She stated, "we've also reached out to practices that are multispecialty practices that have both the primary care, which we know we need, but also have specialty services, such as cardiology, but also OB." (Id. at p. 46). NJMHMC has also committed to 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 in the ED. In addition, the Applicant agrees to document these efforts and submit required reports to the Department.

N.J.S.A. 26:2H-8(d) requires consideration of the adequacy of financial resources and sources of present and future revenues. A financial analysis of NJMHMC's application undertaken by the Department indicates that the Applicant will have sufficient resources to implement and sustain the project. The source of funds to finance the \$12.2 million purchase price for the purchase of MHMC is the Applicant's available funds (\$5 million) and a loan (\$7.2 million). The Department notes that MHA has not submitted audited financial statements for the last three years, so the Department has limited information to assess the loan. However, reviewing the overall financial adequacy including various net assets, the Applicant's assumption of risk is acknowledged. According to completeness responses, the Applicant "has over \$9.3 million in liquidity." The Applicant has demonstrated that its cash on hand, combined with a working capital line of credit, will be sufficient to meet the purchase price and future operational requirements in full compliance with all regulatory criteria. The Department received three written public comments, two from HPAE,² and one from

² In its written comments, HPAE asked the Department to require the Applicant to offer the Hospital's employees affected by the transfer to NJMHMC health insurance coverage at substantially equivalent levels, terms and conditions to those that were offered to Hospital employees prior to the 2010 transfer of the Hospital to MHA. I do not believe the statute relied on by HPAE permits the Department to require such a commitment from a potential purchaser, so I have not made a change to Condition 22. I also note that Condition 22 does not prohibit good faith contract negotiations in the future.

Senator Loretta Weinberg. The commenters expressed concern that the current owners of the Hospital had not provided certain financial disclosures to the Department and, therefore, the Department could not adequately assess the financial viability of the transaction. The Department and the SHPB share the commenters' concerns in this regard, but I am satisfied that the Applicant had access to financial information that the Department did not have, and that the Applicant believes it had adequate financial information available to assess the financial viability of the Hospital. Based on the Applicant's representations, I find that MHMC's transfer to NJMHMC will afford it an opportunity to maintain and grow needed services.

With respect to N.J.S.A. 26:2H-8(e), regarding the availability of sufficient manpower in the several professional disciplines, I am satisfied that there will be sufficient qualified personnel because NJMHMC has committed to retain substantially all the Hospital's current employees when the transfer of ownership is completed. In addition, NJMHMC has committed to actively recruit new physicians and encourage those physicians who previously utilized the Hospital to once again return to provide care. Part of NJMHMC's plan is 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 gaps.

N.J.S.A. 26:2H-8(f) requires consideration of such other factors as may be established by administrative rule. Therefore, I have taken into consideration the applicable administrative rules governing the services subject to full review (i.e., N.J.A.C. 8:33-1.1 et seq.). NJMHMC is in compliance with the access requirements set forth in N.J.A.C. 8:33-1.1 et seq. and N.J.A.C. 8:33-4.10(a). Specifically, the Applicant will continue to maintain its commitment to the community to preserve access to health care for the residents, including the medically underserved populations. NJMHMC states that it will provide care in accordance with N.J.S.A. 26:2H-18.64 and N.J.A.C. 8:43G-5.2(c) regarding the provision of healthcare services regardless of the patient's ability to pay or payment source.

N.J.A.C. 8:33-4.9(a) requires a demonstration by the Applicant that this transfer of ownership shall not have an adverse impact on the population being served in regards to access and quality of care. The Applicant indicates that the transfer of ownership of MHMC will preserve and enhance the financial viability of the Hospital and allow it to continue as a general acute care hospital providing the same level of health care services in the community. NJMHMC also intends to continue to serve the same payer mix, thereby maintaining all of the established bridges to access and care. I find that denial of the CN transfer of ownership application would adversely affect the patients in the Secaucus community, who have historically received care and services at the Hospital.

I find that NJMHMC has provided an appropriate project description, information as to the financial impact of the transfer of ownership, including operating costs and revenues, services affected, equipment involved, source of funds, utilization statistics, and justification for the proposed project (N.J.A.C. 8:33-4.10(b)), assurance that all residents of the area, particularly the medically underserved, will have access to services (N.J.A.C. 8:33-4.10(a)), and assurance that it will meet appropriate licensing and construction standards (N.J.A.C. 8:43G-1.1 et seq. and N.J.A.C. 8:33-4.10(d)). NJMHMC has also demonstrated a track record of compliance with the Department's licensing standards as required by N.J.A.C. 8:33-4.10(d).

Approval With Conditions

Based on the foregoing, I am approving the application for the transfer of ownership of MHMC to NJMHMC with conditions. My decision to approve this transfer of ownership is based on my belief that the operation of MHMC under the proposed new ownership would be beneficial to the population in its service area and will preserve access to health care services for the community, including the medically underserved population. This transfer of ownership will strengthen the financial viability of MHMC, and I believe that this approval will not have an adverse impact on the other existing hospitals in Hudson County or those in the surrounding counties. I concur with the seller, MHA, and the proposed buyer, NJMHMC, that closure of MHMC would disrupt and decrease access to hospital services for the Secaucus community. My decision to approve this application also factors in the Applicant's plan to stabilize and/or grow admissions at the Hospital and allow MHMC to meet the health care needs of the community by: (1) negotiating with health insurers on new contracts that will lead to increased access to patients at MHMC; (2) planning to recruit new physicians to MHMC and encourage physicians who previously utilized the Hospital to once again utilize MHMC to meet the healthcare needs of their patients; (3) committing that, in conjunction with community leaders and Hospital medical staff, MHMC will identify specialties that are needed at MHMC and surrounding hospitals; (4) proposing to increase operational efficiencies in the Hospital's ED and increasing access to care for the community; and (5) committing to implement a community outreach program designed to meet the primary care needs of the community so that they may receive primary care in the community as opposed to using the Hospital's ED to receive primary care services.

For the reasons set forth in this letter and noting the recommendation of the SHPB, I am approving NJMHMC's application for the transfer of ownership of MHMC subject to the following conditions:

1. The Applicant shall file a licensing application with the Department's Division of Certificate of Need and Licensing (Division) to execute the transfer of the ownership of the assets of MHMC to NJMHMC.

2. The Applicant agrees to retain substantially all of the current employees at MHMC. Six months after licensure, NJMHMC shall document to the Division the number of full-time, part-time and per diem employees retained and provide the rationale for any workforce reductions.
3. Within 60 days of licensure, the Applicant shall notify the Division, in writing, of the individual who is responsible for the safekeeping and accessibility of all MHMC's patients' medical records (both active and stored) in accordance with N.J.S.A. 8:26-8.5 et seq. and N.J.A.C. 8:43G-15.2.
4. Within twelve months of licensure, and annually thereafter for five years, the Applicant shall provide the Division with a written report detailing:
 - a. Its plan to assess all current services, reduce unnecessary and duplicative services, expand appropriate specialty services, and identify appropriate level of inpatient beds;
 - b. Its plan for addressing the need to expand or add ambulatory care services to meet the primary care needs of the community; and
 - c. Capital improvement plans, including physical plant improvements, equipment upgrades and additions (including IT), and other capital projects.
5. The Applicant shall invest in programs designed to improve public health, community health services, and health and wellness and, within twelve months of licensure, shall provide the Division with a written sustainability plan detailing how it intends to ensure the financial viability of such programs. NJMHMC's investment in such programs shall be coordinated with its development and implementation of the Community Health Needs Assessment (CHNA) referenced in Condition 10.
6. NJMHMC shall operate MHMC as a general hospital, in compliance with all regulatory requirements. Any changes involving either a reduction, relocation out of MHMC's current service area, or elimination of clinical services or community health programs offered by MHMC's former ownership shall require prior written approval from the Department and shall be subject to all applicable statutory and regulatory requirements.
7. NJMHMC shall continue compliance with N.J.A.C. 8:43G-5.21(a), which requires that "[a]ll hospitals . . . provide on a regular and continuing basis, out-patient and preventive services, including clinical services for medically indigent patients, for those services provided on an in-patient basis." Documentation of compliance shall be submitted within 30 days of the issuance of the license and annually thereafter for a period of five years.

8. In accordance with N.J.S.A. 26:2H-18.64 and N.J.A.C. 8:43G-5.2(c), the Applicant shall not only comply with federal Emergency Medical and Active Labor Act (EMTALA) requirements, but also provide care for all patients who present themselves at MHMC without regard to their ability to pay or payment source, and shall provide unimpaired access to all services offered by the Hospital.
9. The value of indigent care provided by MHMC shall be determined by the dollar value of documented charity care, calculated at the prevailing Medicaid rate, and shall not be limited to the amount of charity care provided historically by MHMC.
10. Within 60 days of licensing, NJMHMC 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 MHMC 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 "Healthy New Jersey 2020," the State's health improvement plan and health promotion and disease prevention agenda for the decade.

The Governing Board shall adopt bylaws and maintain minutes of monthly meetings. NJMHMC 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, NJMHMC 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, MHA or any parent, subsidiary corporation, or corporate affiliate of MHA.

11. Within 30 days of licensing, NJMHMC shall provide the Division with an organizational chart of the Hospital and each service that shows lines of authority, responsibility, and communication between NJMHMC and hospital management and the Governing Board.
12. Every twelve months for the next five years, starting on the date a license is issued to the Applicant, NJMHMC 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 MHMC, 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 MHMC;
 - 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;
 - 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;
 - d. Efforts to implement a community outreach program to provide more accessible primary care in an effort to change the community culture of using the Emergency Department as a primary care provider thereby allowing the Emergency Department to function as intended for the delivery of emergency care; and
 - e. Efforts to expand out-patient services and reduce or eliminate duplicative services and excess inpatient beds.
13. Within 90 days of licensure, NJMHMC 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 NJMHMC can better meet the needs of the residents in its service area. This would include participating in the development and updating of the CHNA referred to in Condition 10.
- a. NJMHMC 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.
 - b. NJMHMC 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.
14. For the initial five years following the transfer of ownership, NJMHMC shall submit annual reports to the Division detailing:

- a. The investments it has made during the previous year at the Hospital, including a detailed annual accounting of any long- or short-term debt or other liabilities incurred on the Hospital's behalf and reflected on NJMHMC's balance sheet;
 - b. The transfer of funds from the Hospital to any related entity, including detail regarding the amount of funds transferred, in order to document that assets and profits reasonably necessary to accomplish the healthcare purposes remain with the Hospital. Transfer of funds shall include, but not be limited to, assessment for corporate services, transfers of cash and investment balances to centrally controlled accounts, management fees, capital assessments, and/or special one-time assessments for any purpose;
 - c. All financial data and measures required pursuant to N.J.A.C. 8:31B and from the financial indicators monthly reporting; and
 - d. A list of completed capital projects itemized to reflect the project, its expenditure, and the date it was completed.
15. Within 15 business days of approval of this application, NJMHMC shall provide a report to the Division detailing its plans for communications to MHMC's staff, the community, including but not limited to elected officials, clinical practitioners, and EMS providers, concerning the approval of the transfer of the license and the availability of fully-integrated and comprehensive health services.
 16. Within 180 days of the close of its reporting period, NJMHMC shall submit audited annual financial statements for that period to the Department pursuant to N.J.S.A. 26:2H-5.1(b). Concurrent with the submission thereof to the Department, NJMHMC shall post on the home page of the Hospital's website direct links to its audited annual financial statements.
 17. Within 45 days of the close of each quarter of its reporting period, NJMHMC shall submit to the Department its cumulative unaudited quarterly financial statements through that quarter.
 18. All annual and quarterly statements shall be prepared in accordance with Generally Accepted Accounting Principles.
 19. Prior to licensure, NJMHMC shall submit to the Department all outstanding audited annual financial statements in NJMHMC's possession that were prepared for MHA prior to the transfer of ownership.
 20. Within 60 days of posting its Audited Annual Financial Statements to its website, NJMHMC's Governing Board shall hold an Annual Public Meeting in the

Hospital's primary service area, 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. NJMHMC 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 the Hospital's Governing Board regarding local health care needs and Hospital operations;
- c. A method for NJMHMC to publicly respond, in layperson's terms, to the concerns expressed by community members at the Annual Public Meeting; and
- d. NJMHMC shall develop these methods (a through c above) within 90 days of the date of this approval letter and provide them to the Division.

21. After the transfer is implemented:

- a. NJMHMC 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. NJMHMC shall convene periodic 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, NJMHMC 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 NJMHMC shall notify the Department and DOBI to request assistance.
- c. Within 10 days of licensure, NJMHMC 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. NJMHMC 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, NJMHMC 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, NJMHMC shall notify the Department of the status of notices to terminate any HMO or commercial insurance contract that will expand out-of-network service coverage. NJMHMC 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, NJMHMC 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, MHMC shall report the aforesaid information to the Department on an annual basis.
22. In accordance with the provisions of N.J.S.A. 26:2H-18.59h, NJMHMC shall "offer to its employees who were affected by the transfer, health insurance coverage at substantially equivalent levels, terms and conditions to those that were offered to the employees prior to the transfer." This condition does not prohibit good faith contract negotiations in the future.
 23. NJMHMC shall continue compliance with N.J.A.C. 8:43G-5.21(a), which requires that all hospitals provide on a regular and continuing basis, out-patient and preventative services, including clinical services for medically indigent patients, for those services provided on an in-patient basis.
 24. NJMHMC shall maintain compliance with the United States Department of Health and Human Services Standards for Culturally and Linguistically Appropriate Services in Health and Healthcare. Compliance shall be documented and filed with the Division with annual licensing renewal.
 25. For at least five years, NJMHMC shall not enter into any contract or other service or purchasing arrangements, or provide any corporate allocation, or equivalent charge to affiliated organizations within NJMHMC except for contracts or arrangements to provide services or products that are reasonably necessary to accomplish the healthcare purposes of the Hospital and for compensation that is consistent with fair market value for the services actually rendered, or the products actually provided.
 26. NJMHMC shall submit to DOBI, prior to implementation, any proposed plan including documented compliance with law and regulations as it relates to out-of-network cost sharing with patients. NJMHMC shall not implement any out-of-network cost sharing plans if DOBI objects thereto.

27. NJMHMC shall comply with requirements of the DOLWD's Division of Wage and Hour Compliance that address conditions of employment and the method and manner of payment of wages.
28. Prior to licensure, NJMHMC shall identify a single point of contact to report to the Division concerning the status of all of the conditions referenced in this decision letter within the time frames noted in the conditions.
29. All of the conditions shall also apply to any successor organization to NJMHMC that acquires MHMC within five years from the date of CN approval.

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 will be presumed unless written objections are submitted to the Department within 30 days of receipt of this letter. Upon receipt of such objections, this approval will be deemed suspended and the project shall be re-examined in light of the objections.

We look forward to working with you and helping you to provide quality care to the patients of MHMC. If you have any questions concerning this Certificate of Need, please do not hesitate to contact John Calabria, Director of Certificate of Need and Healthcare Licensure Program, at (609) 292-8773.

Sincerely,



Christopher R. Rinn
Acting Commissioner

cc: John A. Calabria, DOH (By Electronic Mail)