

**MINUTES OF THE
STATE HEALTH PLANNING BOARD MEETING
Thursday, December 6, 2007**

Members Present:

Judy Donlen, RN, DNSc., Chairperson

Catherine Ainora, Vice Chairperson

Susan Olszewski

Connie Bentley-McGhee, Esq.

Dr. Sharol A. Lewis

Michael Baker, Esq., Representing the Health Care Administration Board

Dr. Jorge L. Vereza

Matthew D'Oria (Representing Commissioner Jacobs, Department of Health & Senior Services)

Eileen Stokley (Representing Commissioner Jennifer Velez)

Excused Absent:

Henry S. Kane

Dr. Joseph A. Barone

Staff:

John Calabria

Ruth Charbonneau

Jamie Hernandez

Melissa A. Raksa, DAG

CALL TO ORDER

Catherine Ainora, Vice Chairperson opened the meeting at the Department of Health and Senior Services, Suburban Shopping Center, 25 Scotch Road, Ewing, New Jersey on Thursday, December 6, 2007.

MOTION SUMMARY

1. Approval of November 1, 2007 minutes
Motion – Ms. Olszewski, Second – Mr. Baker
2. Approval of Certificate of Need Application for the Closure of Pascack Valley Hospital
Motion – Ms. Baker, Second – Dr. Donlen
3. Approval of Motion for Adjournment
Motion – Ms. Olszewski, Second – Dr. Donlen

December 6, 2007
VOTING RECORD

VOTING BOARD MEMBER	ROLL	1	2	3
Dr. Donlen	-	-	Y	Y
Ms. Ainora	X	Y	Y	Y
Mr. Kane	-	-	-	-
Ms. Olszewski	X	Y	Y	Y
Ms. Bentley-McGhee	X	Y	Y	Y
Dr. Barone	-	-	-	-
Mr. Baker	X	Y	Y	Y
Dr. Lewis	X	Y	Y	Y
Dr. Verea	X	Y	N	Y
Mr. D'Oria – non voting member	X	-	-	-
Ms. Stokley – non voting member	X	-	-	-
Total	8	6-Y	6-Y	7-Y
Total Absent	3	0-N	1-N	0-N
		0-A	0-A	0-A
		0-R	0-R	0-R

KEY: Y=YES N=NO A=ABSTAIN R=RESCUE

1 MS. AINORA: We will call the meeting to
2 order. The chairwoman is on her way.

3 MR. KENNEDY: This is formal meeting of
4 the State Health Planning Board. Adequate notice of
5 this meeting has been published in accordance with the
6 Provisions of Chapter 231, Public Law, 1975 Chapter
7 10:4 of the State of New Jersey, entitled Open Public
8 Meeting Act. Notice was sent on the Secretary of State
9 who posted the notice in a public place. Notices were
10 forwarded to 17 New Jersey newspapers, two New York
11 newspapers, two wire services, two Philadelphia
12 newspapers, and the New Jersey Public Broadcast
13 Television Station.

14 May I call the roll?

15 MS. AINORA: Yes.

16 MR. KENNEDY: Mr. D'Oria?

17 MR. D'ORIA: Here.

18 MR. KENNEDY: Ms. Stokley?

19 MS. STOKLEY: Here.

20 MR. KENNEDY: Mr. Kane?

21 MS. HERNANDEZ: Not present.

22 MR. KENNEDY: Ms. Olszewski?

23 MS. OLSZEWSKI: Here.

24 MR. KENNEDY: Ms. Bentley-McGhee?

25 MS. BENTLEY-MCGHEE: Here.

1 MR. KENNEDY: Dr. Barone?
2 MS. HERNANDEZ: Not present.
3 MR. KENNEDY: Dr. Lewis?
4 DR. LEWIS: Here.
5 MR. KENNEDY: Mr. Baker?
6 MR. BAKER: Here.
7 MR. KENNEDY: Dr. Vereea?
8 DR. VEREA: Here.
9 MR. KENNEDY: Dr. Donlen?
10 MS. HERNANDEZ: Not present.
11 MR. KENNEDY: I believe we have a quorum.
12 MS. AINORA: The chairperson is obviously
13 not here. I don't know if the Chair has a report.
14 Anyway, I don't have anything to talk about.
15 Can I get a motion or any comments in the
16 approval of the minutes?
17 MS. OLSZEWSKI: I move that we accept the
18 minutes.
19 MS. AINORA: Are there any changes,
20 discussion, comments?
21 MR. BAKER: Second.
22 MS. HERNANDEZ: Mr. Ainora?
23 MS. AINORA: Yes.
24 MS. HERNANDEZ: Mr. Kane?
25 (Not present).

1 MS. HERNANDEZ: Ms. Susan Olszewski?

2 MS. OLSZEWSKI: Yes.

3 MS. HERNANDEZ: Dr. Barone?

4 (Not present).

5 MS. HERNANDEZ: Dr. Lewis?

6 MR. LEWIS: Yes.

7 MS. HERNANDEZ: Mr. Baker?

8 MR. BAKER: Yes.

9 MS. HERNANDEZ: Dr. Vereea?

10 DR. VEREA: Yes.

11 MS. HERNANDEZ: Dr. Donlen?

12 (Not present.)

13 MS. AINORA: Matt, do you have a

14 Commissioner's report?

15 MR. D'ORIA: Very briefly. Just on the
16 Department confirmations, the most important is again
17 Dr. Jacobs will be leaving at the end of the month, and
18 we are very sorry to see him go. The Commissioner
19 designee, the Governor's report that Heather Howard, who
20 is a policy advisor to the Governor, who worked with
21 him in his Senate career and worked with him in the
22 White House with the First Lady and has extensive
23 experience in Health Care Policy. There could be a
24 hearing as early as next week on the nomination.

25 The other important point I will make is

1 that the Supreme Court agreed to extend the time table
2 for the angioplasty call. We think we'll have that in
3 January or February.

4 MS. OLSZEWSKI: What is that call about?

5 MR. D'ORIA: The elective angioplasty. The
6 Supreme Court had ruled that the processes the
7 Department used, did not give sufficient, I guess,
8 guidance. The regulated community wanted us to go
9 through a formal call, which is what we are doing.

10 MS. OLSZEWSKI: It is regarding the pilot?

11 MR. D'ORIA: Yes, I'm sorry.

12 MR. OLSZEWSKI: The pilot.

13 MR. D'ORIA: In fact, Dr. Averzano who has
14 attended the Health Care Administration Board Meetings and
15 supported it. So, yes, it could expand the number of
16 hospitals.

17 MS. OLSZEWSKI: Now, are there any
18 preliminary results from that pilot or anything?

19 MR. D'ORIA: Dr. Averzano indicated that
20 they couldn't release any information part way through
21 the study for fear of tilting the results.

22 MS. OLSZEWSKI: Okay, that makes sense.

23 MS. AINORA: Is there any update on
24 Greenville?

25 MR. D'ORIA: We have internally reached out

1 to the Mayor's office and are awaiting a response. We
2 haven't seen any money, and you know if the political
3 establishment up there will agree, I mean, I think my
4 recommendation would be that we reconvene this board
5 immediately and confront that issue. I don't know that
6 we will get anything in writing before the holidays. I
7 know that they had said that there was kind of an
8 internal debate, at least I thought December 31st was
9 it from a city municipality from a financial
10 standpoint, but clearly the transcripts indicate we get
11 90 days. So there could be some discussion over
12 whether or not, even though they can't get the money as
13 evidenced by hitting that December 31st date, would we
14 allow them to continue for another month trying to get
15 the money. So I think that's something we are going to
16 have to consider. But again, if they're willing to in
17 writing say to the Commissioner that they are not going
18 to have that money available for Greenville Hospital
19 then I think the Board should convene immediately and
20 start backup.

21 MS. AINORA: We have before us today the
22 closure of Pascack Valley Hospital, which I understand
23 is already closed. There was a public hearing and the
24 Board did receive -- those who were not in attendance,
25 did receive the minutes and the following letters of

1 those meetings and the board as they usually do in due
2 diligence. And I have read -- those who were not
3 present at the public hearing do have a feel for what
4 happened at the public hearing two weeks ago.

5 The way the process will work, the
6 Department will give a presentation. We have a couple
7 of people who have signed up for comments. We will ask
8 you to come up and speak. You'll each have three
9 minutes. We ask you keep it at three minutes. I am
10 sure if the Applicant is here -- if the Applicant is
11 not here, I guess we will depend on John to answer any
12 of our questions that we may have for Applicant and
13 then the Board will have a discussion.

14 So John, why don't you start it.

15 MR. CALABRIA: Thank you, Ms. Ainora, and
16 members of the Board. Today I'm here to present a
17 staff recommendation concerning the application
18 submitted by Pascack Valley Hospital concerning the
19 application submitted by Pascack Valley Hospital
20 Association to close Pascack Valley Hospital. As you
21 probably read and as we'll discuss, the reasons for
22 closure of this facility are similar to closures at
23 several others that we've done over the years, and our
24 staff analysis is similar to those.

25 As Mrs. Ainora mentioned, this is a unique

1 situation that this facility has already been closed
2 because of it's financial situation. It did close on
3 November 21st. However, we do believe it is still
4 important the Board and for the Department to hear the
5 comments of the affected communities that are affected
6 by this closure.

7 The Pascack Valley Hospital Association
8 proposes to close Pascack Valley Hospital. It has a
9 total of 275 licensed beds with the bed composition and
10 a service array, as you can see there on Page 1. I
11 don't want to bore you with reading that.

12 The Applicant does not disclose any plans
13 after closure to operate future services there,
14 including a S.E.D. I should note that we have received
15 two licensing applications from two hospitals in the
16 area to operate a S.E.D. there, but part of that
17 decision making is with the bankruptcy court because
18 they'll be leasing space at the facility. So we
19 certainly -- whoever the bankruptcy court licenses, we
20 will certainly work with them to make sure all
21 licensing requirements for a S.E.D. are complied with.

22 The Applicant will indicate that this
23 action to close is necessary due to the ongoing
24 operating deficits since 2004. The Applicant also
25 indicates that sufficient acute-care services are

1 available to ensure the existing levels of care are
2 maintained in the area.

3 The Applicant had a number of
4 justifications for its actions. The hospital has
5 experienced operating deficits that will exceed \$16
6 million in 2007. By the end of 2007, cumulative
7 operating losses will have exceeded \$50 million since
8 2004. These losses are unsustainable. There is
9 approximately \$120 million of debt owed, which is \$80
10 million to bond holders and \$20 million to the pension
11 fund, \$15 million to vendors. The hospital is
12 presently in technical default on bond and has not been
13 able to fund its pension fund and is falling further
14 behind in its vendor obligations.

15 The third reason is current and projected
16 volumes do not support the hospital's operations, since
17 2004 the volume has continued to decline by
18 approximately 10 percent. Based on current volume
19 trends and with an average daily census of less than
20 100 patients, the hospital forecasts that it will run
21 out of cash during November 2007, which is exactly what
22 did happen. Little opportunity exists for additional
23 savings through cost reduction without potentially
24 compromising the ability to provide quality care.

25 The Applicant asserts many factors

1 supported the closure.

2 First, the Pascack Valley experienced
3 significantly low utilization as experienced by a very
4 low occupancy rate. They continued to decline without
5 any realistic opportunity for significant improvement.

6 Second, several market forces affected the
7 hospital's declining legalization including a major
8 shift from hospital inpatient settings to physician
9 owned free-standing ambulatory surgery centers,
10 physician practice patterns, and competitive
11 penetration from other Bergen County hospitals.

12 Third, there had been unfavorable Medicare
13 and managed care reimbursement changes.

14 Four, PVH experience increased operating
15 costs resulting from employee benefits, supply and
16 salary expenses at a time when reimbursement was
17 declining. Collectively, the realities of too few
18 patients, too many beds, fixed costs that were too
19 high, and the decline of reimbursement and revenues
20 supported the decision to close Pascack. And I think
21 we'll all recognize these are some of the rationale
22 that we have all heard before.

23 The Applicant has stated compliance with
24 statutory and regulatory requirements. As you all
25 know, there are statutory and regulatory requirements

1 that each applicant has to address. The Applicant did
2 attempt to do so in this application, the first being
3 the availability of the facility or services which may
4 serve as alternatives or substitutes according to
5 Applicant. Access to inpatient acute care for
6 population currently served will be adequate after
7 closure. The Applicant consumption is based on the
8 location of four neighboring hospitals in Bergen
9 County. They're within a 12-mile radius. These four
10 hospitals provide a wide range of inpatient and
11 outpatient services, including Englewood, Hackensack,
12 Holy Name, and Valley. And Bergen Regional Medical
13 Center is also located in Bergen County and is a
14 County-owned facility which provides primarily
15 psychiatric and long-term care. Although it is
16 licensed for 164 medical-surgical beds and two O.R.s.
17 The Applicant attests that there's been an oversupply
18 of acute care beds in Bergen County.

19 The second criteria, the need for special
20 equipment and services in the area. The Applicant does
21 not foresee the lack of specialized services or
22 equipment resulting from the closure of Pascack Valley
23 Hospital. According to them, the closure will reduce
24 overbedding and underutilization of acute care
25 hospitals. Additionally, the four neighboring

1 hospitals local to Pascack Valley have ample resources
2 and services to satisfy the needs of the community.

3 The Applicant further asserts there are
4 ample radiology, ample surgery centers, rehab centers,
5 facilities, and labs that are within a 10-mile radius.
6 Further, there is a sufficient supply of primary care
7 physicians who can provide access to health care for
8 the former patients of the hospital. Most of these
9 physicians are on other hospital staffs. And while
10 they have a large medical staff at PVH, only a fraction
11 of the physicians use that hospital as their primary
12 site. The vast majority of medical staff have
13 privileges at other area hospitals.

14 The Applicant further asserts that
15 although the providers are already meeting the majority
16 of emergency care needs -- that is evidenced by the
17 fact that less than 20 percent of ER visits at Pascack
18 resulted in hospital admissions. The majority of the
19 residents from Pascack's primary care services are
20 admitted to the emergency Department at hospitals other
21 than Pascack Valley.

22 The adequacy of financial resources and
23 sources of present and future revenues is the third
24 criteria. During the later part of 2006 and in the
25 early part of 2007, the Board of Pascack engaged a

1 consulting firm to evaluate the hospital's strategic
2 opportunities. Both not-for-profit and for profit
3 organizations were contracted to gauge interest in
4 continuing the hospital as an acute care facility.
5 Only one entity completed a due diligence process, but
6 this entity decided not to continue. When Chapter 11
7 filing become the next step, the consulting firm
8 approached any organization that expressed an interest
9 in the hospital. Again, no strategic partner came
10 forward in giving the ongoing operating losses and
11 serious nonreversible liquidity crises. The Board of
12 Trustees had no alternative but to file the petition on
13 September 21, 2007, under Chapter 11 in the U.S.
14 bankruptcy court.

15 The fourth criteria, availability of
16 sufficient manpower in the several professional
17 disciplines. According to the Applicant, there is
18 sufficient manpower in all disciplines at Pascack to
19 accomplish the closure of the hospital. The Applicant
20 states that Pascack has approximately 514 physicians.
21 All have applied for privileges at least at one other area
22 hospital. Most physicians were already on staff at
23 other area hospitals including Englewood, Hackensack,
24 Holy Name, and Valley. The applicant further stated
25 that there were over 1,000 employees comprised of

1 full-time and part-time and per-diem staff who will be
2 terminated due to the hospital closure. In addition to
3 the on-site assistance to these employees by the New
4 Jersey Department of Labor, the Applicant has held at
5 least six job fairs at various times to accommodate
6 employees in all shifts. Each job fair offered eight
7 to ten organizations which provided applications and
8 onsite interviews to the current Pascack employees.

9 The final criterion will not have an
10 adverse or economic or financial impact on the delivery
11 of health care services in the region or State wide and
12 will contribute to the orderly development of adequate
13 and effective health care services. The Applicant
14 states that access to services will be accommodated by
15 the oversupply of acute care beds in Bergen County
16 given Pascack's low utilization rate in 2007. There is
17 an ample number of area facilities to serve as
18 alternatives to Pascack -- to serve as alternatives to
19 Pascack for local residents. The Applicant
20 acknowledges there will be a loss of employment in the
21 region after the closure of Pascack. However, they are
22 working to assist staff members with employment
23 placement to limit any adverse impact.

24 Some of you know there was a public
25 hearing held on an application at the Westwood Regional

1 Junior High School located in the Township of
2 Washington, Bergen County on November 20th.
3 Approximately 135 people attended this hearing.
4 Thirty-eight members of the public spoke at that
5 hearing. All 38 who spoke during the hearing obviously
6 opposed the closure of Pascack. A few people asked the
7 Department to allow the license to remain inactive for
8 a period of two years to facilitate the possible
9 purchase of PVH and the reopening of the hospital as an
10 acute care facility. And you can see that is one of
11 the staff recommendations to accommodate that request.

12 The Department staff analysis, the
13 Department staff concluded the Applicant had adequately
14 documented compliance with all applicable CN Rules and
15 statutory requirements as I discussed during the five
16 criteria.

17 The Department staff reviewed and
18 concluded the Applicant's rationale to discontinue
19 services as a result of large operational losses,
20 ongoing cash flow and accounts payable issues, and a
21 severe non-reversible liquidity crises. Staff
22 recognizes that Pascack simply does not have the
23 sufficient resources to remain in operation.

24 Based on the most recent utilization data
25 that we have the B-2 form from the hospital in Bergen

1 County, Department staff found a number of licensed
2 beds removed from service as a result of the closure
3 will have minimal impact on delivery of health care for
4 the region's patient population. The staff's findings
5 are derived from the fact that there are a sufficient
6 number of unoccupied licensed beds in Bergen County
7 between the other hospitals in the area to absorb the
8 inpatient population from Pascack Valley Hospital.

9 The next couple of paragraphs just talk
10 about what's on Appendix 2, but if you look at Appendix
11 2, you can see the average daily census in various
12 categories -- in various bed categories for Pascack and
13 any other hospitals. And you can take the licensed
14 beds and subtract that from that, and you can see there
15 are sufficient licensed beds in the area.

16 Pascack is also licensed for five
17 intermediate bassinets and is designated as a community
18 perinatal center. Intermediate, there are 32 licensed
19 intensive bassinets and 45 intermediate between the
20 four neighboring hospitals. Our data on the B-2 for
21 intensive and intermediate bassinets is not nearly as
22 good as it is for the other bed categories. We feel
23 that there is sufficient capacity, but we will continue
24 to monitor that with the other hospitals in the area.

25 Based on the excess number of unoccupied

1 licensed beds for each bed category, we believe there
2 is sufficient bed capacity in Bergen County to enable
3 the remaining health care delivery system to bridge any
4 gap in services caused by the closure of Pascack. They
5 also believe that inpatient care will be accessible for
6 the residents of Westwood and surrounding areas based
7 on the underutilization of hospital services in Bergen
8 County. Again looking at Appendix 2, I do want to note
9 that in terms of mobile intensive care services, the
10 Department's Office of Emergency Medical Services
11 provided conditional approval of a transfer of the
12 operating rights of the Pascack's mobile intensive care
13 services to Hackensack University Medical Center to
14 provide 24-hour, seven-day-a-week NICU services to the
15 Pascack Valley service area. And that began on 3:01
16 p.m., Wednesday, November 21, 2007. According to the
17 EMS, conditional approvals to service area consists of
18 the municipalities of Emerson, Hilldsale, Montval,
19 Oradell, Park Ridge, River Vale, Washington Township,
20 Westwood, Woodcliff Lake, Closter, Harrington Park,
21 Haworth, Northvale, Northvale, Old Tappan and
22 Rockleigh. The service area also includes one-half of
23 New Milford North to Henley Avenue and a small section
24 of Eastern Paramus. Hackensack purchased three
25 vehicles from Pascack and associated equipment

1 including cardiac monitors and portable radios.
2 Hackensack began servicing the Pascack area using
3 vehicles that are currently licensed to the Hackensack
4 program, and two NICU's will be positioned at Pascack
5 Valley in Westwood.

6 There included in your packet is the
7 letters approving the transfer of those operating
8 rights.

9 The staff recommendations based on the
10 documentation of compliance of regulatory and statutory
11 criteria -- the Department staff recommends approving
12 the closure with the following conditions.

13 The Pascack Valley Hospital Associates is
14 permitted to retain the hospital license for a period
15 of time not to exceed 24 months, commencing on the date
16 of the approval of the closure of Pascack by the
17 Commissioner, should the Commissioner so approve. Any
18 purchasers who intends to reestablish an acute care
19 hospital at the Pascack site must comply with all
20 statutory and regulatory requirements and commence
21 operation prior to the expiration of the 24-month
22 period.

23 Condition Number 2: No later than
24 December 31, 2007 shall:

25 A: Notify in writing the certificate of

JOHN F. TRAINOR, INC.
(609) 581-1330

1 need and Health Care Facility Licensure Program
2 approved of who specifically is responsible for the
3 safe keeping and accessibility of all components of the
4 patients' medical records, both active and stored, from
5 Pascack in accordance with both law and regulations.

6 B: Provide detailed description in
7 writing of the established process to obtain a copy of
8 the complete medical records inclusive of electronic
9 and hard copy components and the projected timeframe
10 from request to receipt of same.

11 C: Provide a detailed plan for public
12 notification regarding the process to obtain a copy of
13 a complete medical record. Public notification must
14 occur on a weekly basis over the course of a
15 three-month period, commencing on the date of approval
16 of the closure of Pascack by the Commission.

17 Those are the staff analyses and
18 recommendations. I'll be happy to try to answer any
19 questions.

20 DR. DONLEN: We got the patient base, but
21 only back to 2004, 2005, 2006. And we see a big
22 change. But the financial's begin to show a big change
23 around 2004. I am trying figure out what happened
24 other than obviously the interest increased and stuff.
25 But in terms of the operating income, did they see a

1 drop off in patient base between '03 and '04 that we
2 don't see?

3 MR. CALABRIA: Well, we went back three
4 and a half years.

5 DR. DONLEN: Is there a sense of what
6 happened between 2004 --

7 MR. CALABRIA: I believe from our
8 discussions with them -- I don't think they are here
9 today. I think, unfortunately, the acting CEO has jury
10 duty.

11 DR. DONLEN: I know. I wouldn't normally
12 be putting it right to you. I just wanted to know what
13 the Department's sense is of what happened.

14 MR. CALABRIA: I think what happened is
15 operating losses and the liquidity just really hit
16 them, and they were unable to pay.

17 DR. DONLEN: But the financial for 2003
18 doesn't show the operating losses.

19 MR. CALABRIA: I think it is a cumulative
20 thing over the years.

21 DR. DONLEN: Since 2004?

22 MR. CALABRIA: Since 2004.

23 DR. DONLEN: I mean, there was an approval
24 for the building that we see in the 2003, 2004.
25 Financial statement.

1 MR. D'ORIA: Mark might be able to shed
2 some light on that.

3 DR. DONLEN: Okay. Can you get up and
4 give us your name.

5 MR. HOPKINS: I am Mark Hopkins. I am the
6 Executive Director of the Health Care Facilities
7 Financing Authority. You normally see Steve
8 Fillebrown. He's got jury duty today also.

9 Interestingly, there was a financial
10 feasibility study when the bonds were about to be
11 issued, and there was a show of increase in patient
12 admissions.

13 DR. DONLEN: When was that year?

14 MR. HOPKINS: 2003. And the feasibility
15 study showed that patient admissions were increasing.
16 They were in an upward trend until 2003. After 2003,
17 admissions did not increase as predicted by the
18 financial feasibility study. Additionally, there was
19 an overestimation of accounts receivable. That is a
20 large percentage of where they lost money. And then,
21 of course, they had the increased cost of paying
22 principal and interest on the bonds that were issued to
23 build the four-story tower.

24 DR. DONLEN: And was the accounts
25 receivable -- at that time, was that traditionally high

1 or was that --

2 MR. HOPKINS: It was estimated too high.

3 DR. DONLAN: I know it was estimated too
4 high, but was it an ongoing -- I mean, did it catch up
5 with them, or was it just estimated high for the
6 previous year or two before the bond?

7 MR. HOPKINS: I actually do not know that.

8 DR. DONLAN: I mean, because it's
9 concerning that they were in good enough shape in 2003
10 and then the precipitous drop off without any change of
11 patient base.

12 MR. HOPKINS: Well, one of the problems is
13 they were predicting increased patients both due to the
14 trend and plus increasing patients due to the new
15 facility.

16 DR. DONLAN: And so we're looking at them
17 in 2003, 2004 when they have a positive bottom line and
18 they still had a predicted accounts receivable that was
19 overstated.

20 MR. HOPKINS: Overstated.

21 DR. DONLAN: Is there anything that this
22 has raised in terms of -- I mean, I know this is off of
23 the subject of this one, per se. But everything else
24 that is going on, has the Financing Commission
25 Authority looked at what this means going forward?

1 MR. HOPKINS: The Financing Authority is
2 not really a regulatory authority. We're a conduit
3 issuer, and we view our role as providing information
4 to the bondholder as to whether to purchase the bonds.
5 The bondholder is essentially the lender to the
6 hospital. So we make sure that we have the information
7 to provide the bondholder, but we don't make a
8 judgment. We don't second guess the business judgment
9 of the hospital. Now, it's not for me to say whether
10 that's our appropriate role or not.

11 DR. DONLAN: We face the same thing here
12 often. We understand your concerns.

13 MS. AINORA: And that's an interesting
14 point, again, that this board has approved at least two
15 or three brand new hospitals that will go out to bond
16 for \$3- or 400 million. Each time they've had
17 financial feasibility studies done -- and know I'm just
18 wondering in future as some of these hospitals start to
19 default on their bonds, it has a major impact on New
20 Jersey's economy, not to mention health. I don't know
21 who controls those, how you monitor those kinds of
22 expenses with the feasibility studies that are really
23 just based on trend analysis. That may not make any
24 sense in today's marketplace.

25 MR. HOPKINS: I think largely the practice

1 patterns and the managed care and health management
2 companies have changed the practice and lowered the
3 amount of admissions in hospitals plus the ambulatory
4 surgery center. I know you guys are well aware of
5 that, but I don't think that was necessarily
6 predictable at the time this feasibility study was
7 done.

8 MR. D'ORIA: I hear you asking, What you
9 are doing going forward? I think the Reinhardt
10 Commission -- and you're going to deal with this,
11 too and it is prevalent in a lot of the meetings --
12 that the future is not bright necessarily, and there
13 needed to be intensive scrutiny on hospital finances.

14 MR. HOPKINS: The authority does monitor
15 the finances out of the hospital after the hospital
16 issues the bonds, but often, as in this case, it
17 happened too late.

18 DR. VEREA: Being present at the November
19 20th hearing at the high school, there was something
20 mentioned in reference to competition by local
21 hospitals in the area as far as contracting with some
22 of the better payers, insurance. And I know that this
23 must have definitely had a tremendous impact. I am
24 wondering if that comes under the radar of your
25 institution? Was that something that might have had

1 the trend that you alluded to after 2003, because I
2 know that when certain hospitals lose those better
3 payers and then you have all the other competition, you
4 know, same day surgical units being opened, not
5 bringing any procedures to an institution, that there
6 is a tremendous financial impact. And you can't
7 compete with some of the other larger institutions when
8 they have contracts and say we're the only institution
9 to accept those insurances for elective and sometimes
10 even emergency procedures. Would that have had an
11 impact on the question Madam Chair asked?

12 MR. HOPKINS: It definitely would have.
13 And that was considered in the financial feasibility
14 also, the payer mix, the contracts with the managed
15 care companies that the hospital did have contracts
16 with as compared to the other hospitals in the area.
17 And I will say an interesting fact is that Hackensack
18 University Medical Center, which we understand is a
19 very successful hospital at this stage, was on the
20 decline as far as admissions were concerned during the
21 same period that this feasibility study was looking at
22 Pascack Valley Hospital, but the payer mix in that area
23 is considered very good. But when you have hospitals
24 that are taking the more valuable services or are
25 demonstrating that they may have better physicians,

1 better equipment to handle the more profitable
2 services, the patients go to the hospital that offers
3 what they might consider better services.

4 MR. D'ORIA: Let me just add to that the
5 admissions by themselves tell the story. What
6 admissions are they? Were they births? Are they
7 cardiac surgery? You have to really drill down to see.

8 DR. DONLEN: I mean, you're right, it
9 doesn't. But in terms of patient data staying the
10 same, I mean clearly it would be impacted. Their payer
11 mix didn't change from the time we are looking at. And
12 clearly -- I mean, the missing pieces of what happened
13 up until 2003, you said you monitored them after the
14 bonds had been issued. And although it was
15 projections -- I get that -- but did it also decline
16 from what it was before the projections of it going up
17 afterwards?

18 MR. HOPKINS: It declined pretty
19 consistently.

20 DR. DONLEN: Even though the patient stays
21 were similar. So that may very well relate to what
22 contracts they had and the shift in the type of -- and
23 we don't know the true impact of the ambulatory care
24 and ambulatory surgery and the shift prior to that
25 point.

1 MR. HOPKINS: Right. That's difficult to
2 measure, but I think -- I mean, I took a tour of the
3 hospital shortly after I started at the Authority three
4 years ago and saw that the facility was beautiful. I
5 mean, marble bathrooms.

6 DR. DONLEN: It's hard to believe. This
7 is one of the most perplexing ones. You know, we look
8 at payer mix all the time. This one really defies, you
9 know, really any kind of thinking it through and trying
10 to intuit what happened without seeing it in front of
11 you.

12 MR. HOPKINS: I think they truly believe
13 that the facility was a first-class facility that they
14 were building and that would attract first-class
15 patients and service areas that they were expanding in.
16 And that did not occur.

17 DR. DONLEN: Okay. Are there any other
18 questions for this representative of the Financing
19 Authority?

20 MS. OLSZEWSKI: I have a clarification
21 question for John. The condition to hold and retain
22 the hospital license is being retained by Pascack
23 Valley Hospital Associates, I guess, here. Do they
24 actually cease to exist, though, after bankruptcy
25 court? I mean, I'm trying to determine who should be

1 holding the license.

2 MR. CALABRIA: Not according to the
3 letter. They have a letter from their attorney
4 requesting that this occurs, indicating that that
5 entity will be ongoing for the time -- for at least a
6 two-year period. And so -- as our records here will
7 show, we are in full agreement with that request.

8 MS. OLSZEWSKI: This may be a silly
9 question, but does this sort of make this sort of like
10 a liquor license that people settle for great profit in
11 New Jersey or --

12 MR. CALABRIA: Well, that's a good
13 question. I really don't know how that might work. If
14 Pascack Valley Hospital Associates is the current
15 licensee, they'll keep the license. If they can reopen
16 somehow, then there is no -- the Board will not be
17 involved. We will certainly inspect the facility
18 because after it's not used for a while, things
19 deteriorate. If they would decide, well, no, we can't
20 do it, but we'd like to transfer the ownership to
21 another entity, then the other entity would have to
22 file a transfer of ownership Application, which would
23 come back to the Board, would have a public hearing in
24 the area to be served. The first one, the licensee
25 reopening is similar to what happened at St. Clare's,

1 Dover. Those of you on the Board at that time might
2 recollect.

3 MS. AINORA: Although there was a major
4 bondholder who held St. Clare's. My question is: I
5 don't know who Pascack Valley Hospital Association is.
6 Is it a shell of neighborhood people or is it a
7 company?

8 MR. CALABRIA: It's a nonprofit
9 corporation.

10 DR. DONLEN: Does it have any relationship
11 at this point to the bankruptcy? In other words, can
12 this be sold and the assets go to pay creditors?

13 MR. CALABRIA: I think what would happen
14 is the bankruptcy court would have a lot to say about
15 whoever would purchase this and if that should happen.

16 DR. DONLEN: And I guess my question to
17 that is -- maybe this is not. But if that happens,
18 where are we in terms of it coming back to a transfer
19 of ownership, if it's post the sale? I mean, would the
20 transfer of ownership be a condition to the sale?

21 MR. CALABRIA: That's a good question. I
22 don't know how we would interact with the bankruptcy
23 court on that. I think we could do -- certainly would
24 do that. If it's going to reopen as a hospital,
25 obviously the transfer, we would have to see. If it

1 were to reopen, for example, for ambulatory surgery.

2 DR. DONLEN: Right, but if they sell it
3 with the intention to reopen as an acute care hospital,
4 and then you say it comes to us for a transfer of
5 ownership, isn't that a done deal already? I mean,
6 what would be the role of bringing it here?

7 MR. D'ORIA: You're going to see it in the
8 case of Bayonne. You may see it in the future with a
9 couple of other hospitals. I don't know if we've
10 crossed that bridge yet.

11 MR. KENNEDY: There would be conditions
12 more than likely put in the transaction before. The
13 purchaser, I think they would be better counseled not
14 to complete the sale and not buy anything until it was
15 approved by this Board. I think that's what
16 happened -- and I think that's what happened with other
17 various departments.

18 DR. DONLEN: I am thinking because we have
19 no interaction with the bankruptcy court that is more
20 the issue on that. You know, that would clearly be
21 true if it was being transferred between a licensed
22 entity at the time that would be regulated.

23 MR. KENNEDY: I would hope that the
24 bankruptcy court before approving any sale would make
25 sure that the purchaser would meet with all the

1 licensing requirements.

2 MR. D'ORIA: I can tell you in the case of
3 Bayonne with Mark, the questions about, okay, there are
4 regularly processes that the buyers are going to have
5 to go through, and you, the State, are going to help
6 get that done. And the answer was yes. I mean, so it
7 was a forgone conclusion that once a sale was completed
8 the sale was completed, that there was going to be
9 approval by either this Board or the Commissioner.

10 MR. CALABRIA: And applicants that are
11 doing that often times come in, and they look at other
12 applicants they understand, and work with our staff
13 here, and understand the regulatory processes, and the
14 conditions put on by this Board to --

15 MS. AINORA: What concerns me is that this
16 shell company holds the CN, holds a license, and they
17 decide they are going to sell the license to MEDCat,
18 which is now going to open up because they have a
19 license, a cardiac-only hospital. And I don't know how
20 we would prevent them from doing that. And then
21 Hackensack, which is the major cardiac surgical center,
22 suddenly there is a negative impact on that. And then
23 we have the specialty hospitals beginning to open up in
24 the State of New Jersey.

25 MR. Kennedy: Before they would open the

1 door, they would have to come back to the Department to
2 make sure of that for any certificate or any other
3 licensure or licensing application they would have to
4 make, if I am understanding your question correctly.
5 What if they just sell it to somebody and then you find
6 out by reading the paper that they've opened up for
7 business. They would still have to come, that new
8 entity would have to come back --

9 DR. DONLEN: But I think that feeds into
10 what I was asking. If it's a foregone conclusion that
11 the Department is then put on the spot that you will
12 facilitate this, they bought with the understanding
13 that the Department -- even though there are no
14 regulations for specialty hospitals, in fact, I
15 believe.

16 MR. KENNEDY: The purchaser would still
17 have to comply with the Department's regulations, which
18 would mean that they would have to come, as John has
19 indicated to us, before any transfer of ownership.

20 MR. CALABRIA: There is a few spots. A
21 special hospital requires a certificate of need, Kathy.
22 Cardiac services itself needs a CN. Someone can't just
23 say I'm going to buy this hospital license and start
24 cardiac surgery, for example.

25 MS. AINORA: There are orthopedics.

1 MR. D'ORIA: Just going back to the acute
2 care hospital, there was no specialty hospital being
3 contracted.

4 MS. AINORA: That would make me more
5 comfortable.

6 MR. D'ORIA: So when the court was putting
7 us on the spot, as Judy put it, they weren't asking us
8 if would be accept an alternative. They were saying
9 the hospital; you could get a CN for nothing but a
10 hospital.

11 MR. KENNEDY: I think they also recognized
12 the fact that the Department was involved in that
13 process.

14 MR. D'ORIA: They weren't just going to
15 allow it to open. And we could find out that detail
16 that while the process was going along, the Department
17 would be made aware by the purchaser. I think that the
18 bankruptcy court also doesn't want us to come back.
19 They don't want it to open up again and say there is a
20 sale, and then we'll say you didn't do it right.

21 DR. DONLEN: Should we put acute care
22 hospital in the conditions?

23 MR. CALABRIA: The Board may recommend
24 whatever it wants to recommend.

25 MS. STOKLEY: When a hospital files a

1 certificate of need to close and that's approved, isn't
2 that essentially a surrender of the CN so that no
3 facility would have to come in and obtain a CN?

4 MR. CALABRIA: There is a provision in the
5 certificate of need rule that says that a facility
6 which closes or substantially ceases operation of any
7 of its bed services, whatever, may keep those for two
8 years, after which time it would need a CN to reopen
9 those. So as long as the Pascack Valley -- in this
10 case, the Pascack Valley Association takes its
11 licensure fee for renewal for that two-year period --
12 and that's why it's only two years and not some other
13 time period. That's what the CN rules says. You can
14 cease service. And it's happened in -- not in every
15 hospital, but in long-term care facilities and other
16 kinds of facilities. If an owner is unsure that that
17 they want to spend all of this money to renovate the
18 place because it's in bad shape, give me a couple of
19 months to do planning and fix it up and even think
20 about reopening. So you sort of put the license on --
21 for lack of a better term -- inactive status at that
22 period of time as long as they pay the fee. But it has
23 to be within that two years. Otherwise, if it's
24 something that requires a CN, you need a brand new CN
25 to reopen.

1 MS.STOKELY: So the CN won't let --

2 MR. CALABRIA: It's not a CN. It's a
3 licensure.

4 MS. STOKLEY: But what happens to the
5 certificate of need?

6 MR. CALABRIA: The certificate of need,
7 assuming it gets through, they have permission to
8 close. And remember certificate of need is a
9 provision; it's not necessarily a requirement. If you
10 approve me to open a nursing home, I don't have to ever
11 do that. I need not do it. So in this case, the
12 hospital is closed so they can keep the license on a
13 sort of inactive status for two years. They can reopen
14 it themselves, Pascack Valley Hospital Association,
15 just by coming in, telling us we'll do an inspection
16 and make sure everything is okay, they have staff and
17 so forth. They can try to transfer the ownership to
18 someone for a general hospital. The condition has
19 changed the way it's been discussed here. And if that
20 is the case, then the new proposed new owner would come
21 in and file a CN, we would have a public hearing here,
22 we would all come back here to discuss that entity's
23 application to acquire that site and all its beds and
24 services and open a new hospital or reopen the
25 hospital. So that would come back here.

1 MS. STOKLEY: And have you considered a
2 time period shorter than 24 months?

3 THE WITNESS: No. The rule is 24 months.

4 MS. OLSZEWSKI: John, when you were just
5 discussing the retaining the license and you said that
6 if they paid the fees, et cetera -- and this is a
7 corporation that's gone bankrupt and he has little or
8 no money. Would it be wise for us to say that that
9 license is retained subject to --

10 MR. CALABRIA: That is just the normal
11 course of events. That's just the normal course of
12 events. You have to renew your license every year. So
13 I don't think that is a necessary condition.

14 MS. OLSZEWSKI: Okay.

15 DR. DONLEN: Is this a preexisting
16 association?

17 MR. CALABRIA: No. That's just the
18 current licensee.

19 DR. DONLEN: Any other questions?

20 MS. OLSZEWSKI: John, I had a question
21 about the pension fund, because there was a lot in the
22 application. Apparently it was non secured, meaning it
23 doesn't have a building or it's a bondholder, whatever,
24 I would assume. So the pension fund has some money in
25 it?

1 MR. CALABRIA: The only thing we know is
2 what's put in the application. We didn't really --
3 it's unfortunate the Applicant isn't here to address
4 that question, but I really couldn't adequately answer
5 any questions about the pension fund.

6 MS. OLSZEWSKI: I just gather from what I
7 read that based on what it currently has in it, you
8 know, the folks who are depending on that for their
9 pension are probably going to get reduced, and who
10 knows how reduced, pension. And there is nothing,
11 nothing we can do.

12 MR. CALABRIA: I don't believe there is
13 anything we can do.

14 MS. AINORA: I think that is kind of the
15 pain that we're feeling. Pascack Valley Hospital
16 Association just did this, and now these poor employees
17 are going to have a real big surprise in their pension.
18 And we're going to give them back the ability to open
19 up a hospital. That's my concern, I guess. If you can
20 tell me if there is enough --

21 MR. CALABRIA: In response to one of the
22 questions, one of the questions was on Page 7, Bullet 2
23 "You state there's approximately \$20 million of debt
24 owed to Pascack Valley Hospital Pension Plan. Please
25 explain how you intend to safeguard the viability of

1 the pension plan of hospital employees?" The response
2 from the hospital is "The pension plan is approximately
3 \$90 million of investment. Pascack Valley Hospital is
4 insured via TBGC. Once the plan is terminated, TBGC
5 will take the plan over and seek to the bankruptcy
6 court standing as an unsecured creditor."

7 That is about the only information that I
8 have.

9 MS. OLSZEWSKI: That was not a comforting
10 disclosure.

11 MR. CALABRIA: I understand.

12 MS. OLSZEWSKI: I also think, with
13 Catherine, I just feel so powerless. Usually, we can
14 try to seek to ensure, for example, that transportation
15 is establishment and other people have access, that we
16 put some conditions around the clinics or maternity
17 care or whatever to sort of ease the pain of the
18 community. And in this case, all we can do is keep
19 that license open. Catherine brings up an excellent
20 point. We might be keeping it open for the same
21 organization to open again.

22 DR. DONLEN: It is. I mean, that is an
23 option on this, the way it's written. I mean, it's
24 just not about transfer; it's about reopening.

25 MS. OLSZEWSKI: That doesn't make me feel

1 very comfortable. But is there any way to word that so
2 they can't reopen it or not?

3 DR. DONLEN: I mean, the reality of it is
4 if the building was bought by somebody with an
5 intention of opening an acute care hospital, nothing
6 would be different. It wouldn't be really a transfer
7 of ownership. I mean, they would be coming in to open
8 it with a CN. I mean, it wouldn't have to be a
9 transfer of ownership between the Association and that
10 -- I mean for the license. I mean, they would get the
11 building.

12 MR. CALABRIA: Another entity other than
13 the Pascack Valley Hospital Association. If someone
14 else wanted to take it over, they would have to go
15 through the CN process.

16 DR. DONLEN: Right. They're not really
17 buying the license; they're buying the building.

18 MR. CALABRIA: They're buying the
19 operating rights; they're not buying the license
20 obviously. I can't operate at Pascack Valley because
21 I'm not Pascack Valley.

22 DR. DONLEN: But if we don't leave the
23 license --

24 MR. CALABRIA: If we don't include that
25 condition and the license goes away for someone else to

1 come in and do that, the Commissioner would have to
2 issue a call for a new hospital in that area and
3 publish it in the register and so forth.

4 DR. DONLEN: That would go badly.

5 MR. AINORA: It's never going to happen.

6 MR. D'ORIA: If you're suggesting that
7 maybe you want to strengthen the requirements for that
8 association, I mean, subject it to conditions,
9 evaluations.

10 DR. DONLEN: I don't believe that. If
11 it's anything, it's a remote possibility. But I would
12 not want to see that they reopened and got out from
13 under all the obligations, particularly the pension
14 obligation.

15 MS. OLSZEWSKI: It just seems like we are
16 missing some major sort of safeguard here. I am not
17 sure what it is, because I don't have the legal
18 expertise to understand that.

19 DR. DONLEN: I think we see pretty clearly
20 that if there is any potential for it to reopen as a
21 hospital, then retaining a license for it to be able to
22 come back with a transfer of ownership and have a
23 potential for operating rights is the only way that it
24 goes. Then if we don't let them retain the license,
25 the likelihood -- that we eliminate any likelihood that

1 another hospital could open there. It does look like
2 from the standpoint of all the materials that we've
3 been given that there is adequate beds in the area,
4 although they're not in this service area that the
5 people have been used to getting the services. We've
6 heard a lot about that.

7 On the other hand, I guess my concern is
8 there is a state of the art, to some extent, building
9 there that would be appropriate for a hospital if there
10 was a determination of some particular need that was
11 unmet. So we might be by allowing them to have it for
12 two years. The idea that if somebody did do a
13 feasibility study and was able to do some marketing
14 that would offer a reasonable potential to be able to
15 open that, this leaves that there. But I am concerned
16 about what we say about the association's ability to
17 reopen, what conditions we put on it for this group to
18 reopen.

19 MR. D'ORIA: Again, we need financial
20 scrutiny of the Department and the Authority prior to
21 opening it. It would probably be the strongest
22 condition you could put in there.

23 DR. DONLEN: But there isn't anything --
24 we know our limits in terms of anything that, you know,
25 would ensure the people who had been defaulted on by

1 this, to ensure anything for them, which is pretty
2 limited.

3 Do we have anything?

4 MR. BAKER: I can't think of anything.

5 MS. STOKLEY: I have another question,
6 John. If the entity is still retaining the hospital
7 license and the building is physically closed for a
8 period of time and they want to start providing
9 services and the same entity comes back, but in a
10 nursing home situation, if the same entity comes back
11 and wants to start providing services again, right,
12 what happens in terms of -- even though they hold the
13 license, does the regulation require them to go
14 through additional steps through your office in order
15 for surveyors to go out there and allow them to
16 commence operations again?

17 MR. CALABRIA: I think that is what we
18 intend here by reopening. You have to follow the
19 regulations. You have to let us know. We'd have to do
20 an inspection. They'd have to show up. They'd have to
21 have sufficient staff that the building is maintained
22 properly, that the companies come in and look at
23 medical gasses to make sure they all work properly.

24 MS. STOKLEY: So under the regulation,
25 there's a statement that they hold the license on an

1 inactive status according to the regulations so that
2 you couldn't just open up tomorrow and start providing
3 services.

4 MR. CALABRIA: No, no. Like any other
5 facility opening or reopening, they would have to show
6 us that they will have to comply with our licensing
7 requirements, all of them, including staffing.

8 MS. STOKLEY: That is what I thought.

9 Is there some word for that in the
10 regulation in terms of reactivating the license or what
11 is it?

12 MR. CALABRIA: I don't think there is an
13 exact statement to that effect, but it's clearly, you
14 know, you have to show that you're compliant with the
15 rules at all times that you're in operation. So they
16 would have to show that.

17 DR. DONLEN: We have experience with that
18 with Dover.

19 MR. CALABRIA: Yes.

20 MS. STOKLEY: Complying with the licensing
21 and regulations before if there's any kind of
22 reopening.

23 DR. DONLEN: And they can't get paid
24 without that either, which is the most important.

25 MS. STOKLEY: As long as that's implied.

1 MR. CALABRIA: It says it must comply with
2 all statutory and regulatory requirements, and that
3 means they should have to show us that they comply with
4 physical plan requirements, operational, policy
5 procedure requirements, all staffing requirements.

6 MR. D'ORIA: You could -- I don't know if
7 it would withstand a legal challenge, but we've done it
8 in the past with given hospitals. Approve the
9 management. So you could say that the State has to
10 approve the management team that's going to be in place
11 at Pascack Valley.

12 MS. AINORA: One more question. The
13 Department of Health over the last year has done a
14 tremendous job of giving us the information to evaluate
15 these projects. How strongly does the Department of
16 Health feel about this? This is a very unusual
17 recommendation. They haven't made it before to us.
18 Even when we've done other deals, there's always been a
19 substantial company behind it that had assets to be
20 able to manage the future. So I am just curious how
21 strongly the Department -- you know, you've read
22 probably more information. You've met with bankruptcy
23 court. We haven't had access to that. How strongly do
24 you feel about this particular recommendation? I
25 respect your opinion.

1 MR. CALABRIA: With respect to the first
2 petition that came in from the Applicant and we
3 considered, we had listened to what the folks at the
4 public hearing said. And a number of folks, you know,
5 said please, please, please do this. And we understand
6 that. And especially with the condition that Matt just
7 mentioned, the Pascack Valley Hospital Association
8 itself would try to reopen, we can approve the
9 management team. And if anybody else would try to
10 reopen it, it would come back to us for all that review
11 anyway. So we don't feel uncomfortable, certainly,
12 about making a recommendation.

13 MR. D'ORIA: Clearly, I mean, all the
14 closures, you guys have done this too many times. You
15 know how difficult it is. Simply just as a concession
16 to the community that if you want a hospital, and you
17 can find the money, we're not going to stand in the way
18 of you reestablishing a hospital for at least a period
19 of two years.

20 DR. DONLEN: We just had previous
21 experience in a slightly different format several
22 months ago. Yes, understanding it more clearly that in
23 any other way in terms of transfer of ownership, it
24 would require a call, which would only put us again
25 with the community in terms of determining the need.

1 We have already determined here that the need can be
2 met. It would be sort of difficult to go down that
3 road. I mean, I am willing to accept the condition
4 based on that and with the stipulation that you can
5 approve the management team. I think that would be
6 important in terms of prediction for going forward. It
7 gives me great concern, however, that the same
8 association could reopen. And having had defaulted on
9 so many obligations that that would be very difficult,
10 but I understand that there's no way that we have any
11 impact on that.

12 MS. STOKLEY: I mean, I realize that the
13 Department of Health would have to approve the
14 management team with Pascack coming back and seeking
15 reopening. Would there be an opportunity for the Board
16 to review it?

17 DR. DONLEN: It would not come under our
18 review then.

19 MS. OLSZEWSKI: Then approving the
20 management team, is that understood or should that be
21 placed in the condition?

22 MR. D'ORIA: That should be placed in.

23 MR. CALABRIA: And that's the Pascack
24 Valley Hospital itself.

25 DR. DONLEN: You already have that for the

1 CN.

2 Is there anything else?

3 MS. BENTLEY-MCGHEE: I have a question.

4 What does approval of the management team really mean?

5 That approval, I am not clear on that.

6 MR. D'ORIA: It will be an evaluation of
7 their background and track record in managing a
8 hospital. And if they don't have one, we won't approve
9 it.

10 MS. BENTLEY-MCGHEE: And that would be
11 this Board's responsibility?

12 MR. D'ORIA: No. Just as Judy was saying,
13 that would be the Department's responsibility. It
14 would be subject to Board -- under the Board's
15 authority.

16 MS. STOKLEY: What about the financial
17 projections, do you look at them also?

18 MR. D'ORIA: Yes.

19 MS. STOKLEY: So it's not just a
20 management team, per se; it would also be their
21 financial projections of the management team that is
22 coming in?

23 MR. D'ORIA: Yes.

24 DR VERA: I have a question. I
25 understand there is no one from Pascack Valley in the

1 audience?

2 DR. DONLEN: No, there is nobody here.

3 There is only one employee, and she is on jury duty
4 from what we were told.

5 DR. VEREA: With that in mind, I think an
6 understanding that the hospital has practically closed
7 already -- I think, you know, maybe just a comment and
8 question. I mean, we made an effort to go to the
9 hearing. We made an effort to listen to the community.

10 And as I said here, as a new board member to the State
11 Planning Board I hear so many questions that should be
12 answered by Pascack Valley administrators, by Pascack
13 Valley representatives. Even if they are retaining
14 that certificate and the ownership, why aren't they
15 here to answer some of those questions. And it seems
16 like we're trying to rely on our own expertise to put
17 something together at a time where healthcare is so
18 volatile. I cannot understand why, if our vote is so
19 important, wouldn't it be important enough for them to
20 be here representing their institution and their
21 management team?

22 MR. CALABRIA: It is my understanding that
23 the hospital did close. And they were losing executive
24 staff prior to that, and they lost all but one
25 executive staff. And that person was planning to be

1 here, but unfortunately got called to jury duty. I
2 would like to note that my staff and I had been working
3 with the acting CEO, and we have done very well with
4 her. She has answered all of our questions promptly.
5 She was clearly under a lot of pressure in closing this
6 facility. And all the questions being bombarded to
7 her, not just from us, but from vendors and bankruptcy
8 court and everything else. I think she regrets she
9 can't be here, but obviously they don't have employees
10 to send.

11 MS. STOKLEY: Who is that that is actually
12 the CEO?

13 MR. CALABRIA: Yes.

14 MS. STOKLEY: Jane Connert.

15 MS. AINORA: And Pascack Valley Hospital
16 Association Inc., are they all on jury duty?

17 MR. CALABRIA: Well, that's a question --

18 MR. BAKER: Well, I hate to assume from
19 people being absent something negative. But if you
20 look at the bankruptcy situation, the bankruptcy
21 trustee is running the show. The folks at Pascack
22 Valley Hospital are probably burnt out as can be, and
23 they really have no interest in this at all. And I
24 take the request for keeping the license, as you said,
25 is a concession to the community in case there is a

1 knight that comes to their rescue. I don't know that
2 they really have any interest.

3 DR. DONLEN: Maybe there is somebody who
4 is signed up on the list that can supply us with some
5 answers. Are you signed up?

6 MAYOR WANNER: I'm Thomas Wanner, the
7 Mayor of Westwood.

8 DR. DONLEN: I had a feeling that's who
9 you were.

10 MAYOR WANNER: I have been very involved
11 in this and stressed out by the hospital's actions.
12 When I came into office in 2004, the hospital was
13 paying the town a meager \$50,000 a year for --

14 DR. DONLEN: I'm sorry. Is this the
15 statement you were going to give? He was signed up for
16 the three-minute session.

17 MAYOR WANNER: Actually, based on what
18 you've been saying, you guys know very little of what's
19 going on.

20 DR. DONLEN: Normally we would have people
21 from the public do three minutes, but I would suggest I
22 will give him 10 minutes, and then you can ask him
23 questions.

24 MAYOR WANNER: This is the finances of the
25 company over the last five years, their interest and

1 depreciation amortization. If you went back, they had
2 positive cash flow in 2004 and 2005. The hospital
3 failed not because it didn't have opportunity; it
4 failed strictly because of the management. I've dealt
5 with Mr. Zackin (ph), the bankruptcy attorney, several
6 times. And as much as they say we are all keeping this
7 thing alive, they're totally clueless. And all they
8 care about is seeing the hospital clearly go under so
9 they can possibly project the greater value in a
10 commercial level. In 2005, I had requested -- we were
11 redoing our master plan. And based on the vocabulary
12 after having talked to management several times, my
13 feeling was that the hospital was going to file
14 eventually for bankruptcy because it was not doing
15 anything to maximize its opportunities.

16 I highlight that factor -- that factor
17 because I needed carotid artery surgery and went to
18 them and said, you know what, let's do some marketing
19 for the hospital. I will have my surgery done here,
20 and we will show confidence in the hospital. Nobody
21 ever capitalized on it. I never went for the surgery.
22 The hospital has continued to operate almost as if it
23 was on automatic pilot, and it has been affecting the
24 community in a negative impact. I've read the
25 Applicant's concerns and what have you. I read the

1 various issues. I am not -- by trade, I'm a business
2 consultant. So I am not one for the emotional outcries
3 that came from the community. I appreciate the
4 emotional outcries. But I recognize that if anything
5 is going to survive, it needs to have the substance to
6 survive. The discussions that you've had here on
7 trends, trends are all valuable, but if you don't
8 understand what those trends mean within the
9 marketplace, they mean nothing.

10 The hospital is a very intricate part, not only
11 to Westwood, but to the surrounding communities of Old
12 Tappan, Northvale, Northwood, Closter because of it's
13 proximity. I see in the report here from the
14 recommendations they site Map Quest and the times it
15 takes to get to these various hospitals from Pascack
16 Valley. Well, I used Map Quest to get here today. It
17 says it should take me an hour and 39 minutes. It took
18 me two and a half hours to get here. So Map Quest is
19 of no use. Additionally, personally, I have gone to
20 all of these places, all these hospitals at rush hour.
21 And especially with the new Transit Authority's
22 increased traffic, I can tell you right now, these
23 times can be easily doubled. No problem. Granted, if
24 you have an ambulance, you may be there faster, but if
25 you look at various aspects. I spoke to a cardiologist

1 a week and a half ago and was notified that he had a
2 patient in transit to Hackensack Medical, which went on
3 diversion and they had to reroute to Valley Hospital.
4 And when he got to Valley Hospital, his patient was
5 laying in a bed in a hallway having just had a heart
6 attack. The needs of ER, I mean even if you look at
7 the report from Rutgers where they talk about emergency
8 department utilization search capacity in New Jersey,
9 which was done March 6, 2005, it notes even though we
10 have capacity when we have surgical situations. We
11 push the envelope of a need.

12 I'm listening to the significant need. I
13 would hate to see Pascack Valley go back into business.
14 What I am concerned about is if there is a possibility
15 that this Board has any authority that they speak to
16 the State that certificates of need are assigned to a
17 municipality so that only -- any of these operate
18 within -- I mean, in talking to various hospitals, I
19 was notified by the hospital on September 13th that
20 they were going to file for bankruptcy. I had asked
21 already in May of this year, with my counsel's
22 permission, to look into the hospital's finances,
23 because I felt again that they were steering towards
24 bankruptcy. My counsel said, no, based on -- well, in
25 our discussion with management they're going to be

1 fine. They were fine all the way through July and
2 August when they were talking to various individuals.
3 Even when Mr. Jacobs was up there -- I mean, when the
4 Mayor's Association reached out to Mr. Jacobs to talk
5 to us, we were advised, no, they have financial
6 abilities to survive; they'll be fine. They just have
7 to work it out. We got his information on an ongoing
8 basis, and when I look at the fact that the hospital is
9 an intricate part to the welfare and health and safety
10 of a community, there needs to be oversight. The
11 trustees were clueless on this.

12 Now, I've talked to several of the
13 trustees on this here and said how in hell did you guys
14 approve that redevelopment? On what basis? On what
15 process? How could you possibly figure that by
16 building it, they will come? I mean, even when I hear,
17 well, it's a beautiful facility; they have marble
18 bathrooms. We don't need marble bathrooms. This is a
19 situation that has gotten out of control. There are
20 hospitals that are interested in it. We have been very
21 adamant in publically stating that our municipality has
22 no interests in any commercial entities there. When we
23 changed the master plan, we even eliminated nursing
24 homes so that any desire by an entity to step in here,
25 would not step in here with the idea of absorbing it

1 into a destination that was not going to meet the
2 people's need. I have a lot of phone calls from
3 seniors with emotional outcries, whereby they drive
4 their spouses to the hospitals. And in driving their
5 spouses to a hospital, if I have to go to Valley and
6 get stuck in traffic, you just recognize that the
7 seniors have an emotional stress level that's a little
8 lower than maybe ours is and it's going to increase the
9 opportunity for higher death rates in transportation to
10 the hospital.

11 Now, with the hospitals that have
12 contacted me, they've cited various concerns with the
13 union work rules, which is one of the reasons why I've
14 been very publically asked, have I met with the union
15 and asked that they be certified. I was told that, no,
16 they can't be certified. I respect the union is
17 concerned about their pension. I'm of the
18 understanding that the pension insurance will, in fact,
19 cover any lapses or shortfalls within the pension. So
20 they technically would be compensated for that purpose.
21 I was told by some of the union members, well, we can't
22 do that, because it undermines union entity as a whole.
23 There were entities that were willing to step into even
24 take over the ER on an interim basis, but the
25 bankruptcy court was very lackadaisical about returning

1 to them.

2 I had contacted Mr. Zakin several times. He
3 didn't even give me the courtesy of returning my calls.
4 And I just recently sent him correspondence stating
5 that as of November 22nd the municipality has asked the
6 taxing authority to review their status inasmuch as the
7 fact that their non-profit 501C was based on giving a
8 community benefits for that tax exemption. My purpose
9 being that any tax, any commercial entity decides to
10 bid on that property, I want them to recognize that
11 they are not going to have an open door policy within a
12 municipality to get any kind of consideration for
13 redevelopment as a commercial entity. We have very
14 aggressively set out the welcome map for another
15 hospital. And our efforts are going to be ongoing,
16 even if by some freak accident a commercial entity
17 should make a bid on the property and win it, they will
18 recognize their present value is going to lose value
19 with time. There are -- I'm aware of two hospitals
20 that are prepared to bid on it, possibly a third. All
21 of them are concerned about the significant need being
22 in place because their concern is that going through
23 the application process, doing the demographic studies,
24 and highlighting the value or need for a hospital in a
25 specific area is very time consuming and also affects

1 the value of what they're bidding would be. If a
2 significant need is granted on a two-year basis, their
3 attitude is they'll be able to step-in and ramp up to a
4 full-fledged acute care hospital. They do not see
5 themselves being able to do it overnight, because they
6 recognize it's going to be a reconditioning and
7 reorganizing of the facilities. The facility, while
8 portions of it are new, many portions are old. In
9 addition, the equipment in there is old and needs to be
10 updated. So that's why the two years was being
11 requested so that all the aspects of that certificate
12 of need can be melted in and ramp up to that.

13 Any other questions I can answer for
14 them -- for you?

15 DR. DONLEN: Thank you, Mr. Mayor.

16 Do you have any other questions before we
17 tell the Department we're done, we want another
18 speaker.

19 (ALL AFFIRMED NO FURTHER QUESTIONS.)

20 DR. DONLEN: One other public speaker.

21 Is there anyone else that wanted to speak
22 during the public portion of the program?

23 (Whereupon, there was no response.)

24 DR. DONLEN: We have no Appellant to hear
25 from. It would be nice to have some discussion of the

1 people who haven't asked any questions, just to give us
2 some sense where they are in this. I know it's very
3 frustrating in that it's already closed. I think our
4 issue at this point is we are looking at probably the
5 condition, and in particular the condition of leaving
6 the license, and anything about adding that -- we
7 already talked about adding the management, reviewed
8 the management team, should it be Pascack Valley
9 Association that wants to open a hospital.

10 Is there any clarification?

11 DR. LEWIS: I'm a very confused. I'm
12 trying to pull my thoughts together here. It sounds to
13 me, it sounds to me that, well, hospitals close, the
14 hospital did not ask for the provision of maintaining
15 the license, this was something that the Department is
16 offering?

17 DR. DONLEN: No.

18 MR. CALABRIA: The licensee did ask for
19 that.

20 DR. LEWIS: So they're asking to hold onto
21 the license. So it's part of our concern that maybe
22 there is some bad faith, possible faith behind it
23 because within that two-year period they may want to
24 come back and reopen it again after they have defaulted
25 on this.

1 DR. DONLEN: I don't think there is -- I
2 mean, my concern is not that they're doing that, that
3 they're doing this to enable them to default. I think
4 the question is in asking to keep the license for two
5 years, they may very well have the intention of
6 transferring the ownership. That may very well be
7 where they're going with this.

8 DR. LEWIS: I'm going to assume they do.

9 DR. DONLEN: But our concern would be that
10 since they have the license and it's in there, they
11 could reopen. We can't say they have the license but
12 they can never reopen. They can only transfer.
13 They're holding the license. They're paying the
14 license fee. So the question remains, what can we do
15 make sure that that association was in a better
16 position.

17 DR. LEWIS: And the most we can do is put
18 a condition on it about management.

19 DR. DONLEN: That's my understanding of
20 it.

21 MR. D'ORIO: There are other conditions we
22 have put on hospitals, though, again, with the finance
23 authority and State support, have been seats on boards.
24 So you could also recommend that the Department or
25 representative of the Department be a member of the --

1 THE CHAIRPERSON: That was something that
2 went through my head in terms of what we have been
3 doing. I've been on the subcommittee, and that's one
4 of the things that's been a concern is the Board's
5 ability to have information early on. This is
6 certainly the prime situation with some sort of an
7 early warning system that either the Board itself setup
8 or the Department's setup where there was a possibility
9 for turnaround, where there was a possibility for input
10 about whether or not it was a good idea to go forward
11 with that kind of expansion. So I think that the Board
12 seat would be something in addition to management at
13 least if the Pascack Valley Association ever came in
14 for a license.

15 Is that all right for everybody?

16 MR. D'ORIA: It seems reasonable to me.

17 DR. DONLEN: Is that alright with
18 everybody that the Department, before we tell them no,
19 people don't agree with that?

20 Sharol, do you have something else you
21 want to ask?

22 DR. LEWIS: No.

23 DR. VEREA: I'd like to just make a
24 statement and ask a question. Being a junior member of
25 this Board, you know, the best we can do is bring our

1 background to this organization. Maybe that is why we
2 were selected. I'd like to think so, bring our
3 expertise to understanding the community, not versed in
4 financial issues, but having learned quite a bit about
5 working in local hospitals and community health
6 centers. Like my colleague, I don't really have a good
7 feeling of what's beyond, but because my vote will be
8 registered in this Board and it will be a report of an
9 individual with my background voting on this board, let
10 me just ask this question to this State and to those
11 that know better. What will happen -- and I don't even
12 know if I can ask this, but I will ask it anyway. What
13 will happen if the Board said no to this closure today,
14 what is the next step, if I may ask? Because this may
15 clarify my own thoughts. This will give me more
16 information to have at least felt in my own heart that
17 I made the right vote. Can I ask that question? If
18 this Board says no to this closure, what is the next
19 step? And can you maybe elaborate on how that
20 decision -- at least on my own will help me understand
21 that I did, in fact, vote with my best judgment.

22 MR. CALABRIA: Well, first, the vote of
23 the State Planning Board is a recommendation to the
24 Commissioner. The Department of Health and Senior
25 Services has the final decision. So your vote is a

1 recommendation to the Commissioner. Whatever your vote
2 is and all the recommendations, essentially, you've
3 raised a good question. If the hospital says I want to
4 vote and you say no, and the hospital has no money, no
5 way of getting funds to operate, there is probably
6 little we can do as the Department of Health to say,
7 no, you must remain open.

8 DR. VEREA: Let me follow that with
9 another question. What is the purpose of us hearing
10 this, spending hours of our time on the road, going to
11 hearings --

12 DR. DONLEN: That is exactly what I had
13 been representing at this subcommittee. We are stuck
14 in a situation of regulations, CN regulations that
15 existed and were written at a time when this happened
16 very seldom. And we are in a different situation in
17 terms of the financial liability of a lot of hospitals.
18 And one of the things that the Rinehart Commission set
19 up was a subcommittee to specifically look at closures
20 and what's happening, why are they happening, and
21 what's the process. There's been a general agreement
22 that the public needs to have input. And the ideas of
23 what else you can put in place, particularly in an
24 underserved community. The other thing I hope to see
25 in the final report that everybody has been talking

1 about, which is an early warning system, that there is
2 some financial information that the Department sees in
3 early enough time that the hospital, while it's still
4 possible for a turnaround might be helped. And if not
5 turned around, at least when it came here, there is a
6 more orderly transition. There was more time. There
7 is no reassurance about what would be going on, what
8 would be left in the community.

9 Bottom line is for my perspective when you look
10 at -- particularly this one, this is why this -- why
11 this is so difficult. There is capacity. There are
12 other beds in that community. It is not the same kind
13 of situation we've seen in some underserved communities
14 in terms of access. But given the fact that's there's
15 travel issues, et cetera -- I come from the south where
16 travel issues, you know, in terms of distance may not
17 be traffic but it's distance. The community is also
18 going to have a reaction, but I think there's a role
19 for this Board, no matter what happens going forward in
20 looking at what else needs to be left in the community.
21 But I think we have been more active in trying lobby
22 for that. We are not in this situation where the
23 hospital administration is gone, the doors are closed,
24 and it seems like a fait accompli; why are we rubber
25 stamping this? If some better role, when it comes to

1 us, that the Department has been involved all along
2 with how this rolls out, whether or not it was
3 preventable, what was done, and that they were actively
4 involved in monitoring that. But we are sort of stuck
5 at this moment with regulations that say it comes here,
6 and a long process of getting it here, this many pages,
7 completeness review questions, et cetera, that
8 sometimes go beyond the organization's ability to stay
9 open. And we also are recommending a very streamlined
10 process for hospitals that are closed.

11 DR. VEREA: So I do understand your
12 comment and thank you for those comments.

13 DR. DONLEN: They don't help us with the
14 fact where we are, but there is something. It's beyond
15 us. People are addressing it.

16 DR. VEREA: But I definitely cannot wait
17 to read the Reinhardt Study report, because I think the
18 purpose of being in this commission -- and I've been in
19 many organizations, committees also trying to do what I
20 can to help our State and our community. And for all
21 of us that take this type of participation seriously
22 because our time is limited, I think it is important
23 that we come equipped with information that we have,
24 you know. We come equipped, you know. Really the
25 decision-making process can make a difference and can

1 put the brakes or at least the caution yellow on issues
2 and be able to participate and continue to learn.
3 Because sometimes you do feel that it's just a rubber
4 stamp. And I think that is not, you know, why all of
5 us spend time and travel to really try to make a
6 difference for our State.

7 DR. DONLEN: I endorse that completely.

8 MR. D'ORIA: Let me just add that the Board
9 does deal issues other than hospital closures and
10 transfers. There's been many other specialty services
11 that require CNs that come through this board.

12 DR. DONLEN: You've come at a very bad
13 time. We've never this many closures. I mean, I go
14 back to a lot of closures. I have been on a lot of
15 closures since 1989, and this is an unprecedented
16 amount and an unprecedented place that the hospital is
17 by the time we get it. We've had most closures with
18 more time, and they can come and talk to us about the
19 planning they have done for the community. They are
20 not completely gone.

21 MR. CALABRIA: I might add that I think
22 it's important for us to hear what the community said
23 at the public hearing and what the Mayor said today. I
24 know we focused on the first condition about keeping
25 the license, but I think it's important to try to get

1 these conditions about the medical records too. I
2 think those are important things for us to try and
3 attempt -- for us to do also.

4 DR. DONLEN: That brings up the point
5 about the certificate of need without coming to this
6 Board. Without some public process, you don't get the
7 community input. And, you know, listening to the
8 community and hearing what they have to say influences
9 me to think about leaving the license in place so that
10 it could be reopened, recognizing the difficulty of
11 ever reopening it if the license goes away. If a
12 community is invested in it -- and given the area,
13 there may very well be the ability for, as the Mayor
14 said, a group to come in with a better idea around what
15 services to offer and how to market that.

16 Ellen?

17 MS. STOKLEY: I have a comment about this
18 entity holding a license and about the medical records.
19 Where the conditions that are here now talk about
20 notifying the Department about the accessibility of
21 medical records and providing a detailed description, I
22 guess, to the Department of how to obtain a copy of
23 their medical records and providing a detailed plan for
24 public notification regarding the process. And that is
25 going to occur over a weekly period of three months.

1 Now, I realize that this is in bankruptcy, but what I
2 would like to see is that one of our conditions be that
3 the facility, that the licensee maintains the website
4 and has this information on the internet. Because as
5 it is now, if there is public notification by way of
6 newspaper or whatever, the fact is that it is -- and
7 even if the patient doesn't have access to the
8 internet, they're going to wind up going to a doctor,
9 and some doctor is going to want their medical records.
10 And so that doctor's staff, that's one of the things
11 they might do is look at the hospital's website to see
12 if there's a website out there that will give them
13 ongoing information.

14 DR. DONLEN: How about since it might take
15 some money and they might not might have it, how about
16 a suggestion that they either put on their website or
17 develop a relationship perhaps with the City.

18 MAYOR WANNER: They can very easily put it
19 on our website.

20 DR. DONLEN: I mean, we can't say put it
21 on the City one, but we can say maintain their own
22 website or form a collaboration with another group that
23 the citizens would have access to. And certainly if
24 they kept their own, the City could lead to it, but I'm
25 a little concerned about --

1 MS. STOKLEY: Well, we are talking about
2 maintaining a license so that someone can acquire this
3 building. So my take is that then whoever is coming in
4 would take on that obligation to maintain a website.

5 DR. DONLEN: But nothing has happened yet.
6 It could be two years, and there could be no transfer
7 of ownership at all. And, you know, can we make it a
8 condition? Let's just ask them. I mean, I just
9 offered another alternative in case they claim they
10 couldn't do it. I don't know where they're getting the
11 money to keep the license up.

12 MR. CALABRIA: I mean, the Board is free
13 to make whatever recommendations it wants to the
14 Commission. I think yours, Dr. Donlen, because you're
15 right. If we're making this for three months and if
16 they don't have a buyer or a potential buyer willing to
17 do all this. I don't know how much it costs to
18 maintain a website.

19 MR. D'ORIA: We could petition the
20 bankruptcy court to include that as a provision that
21 they make.

22 DR. DONLEN: I still would put in that
23 they form a relationship with something because people
24 may even search knowing that the hospital is gone.

25 MS. BENTLEY-MCGHEE: The question I have

1 along that same line though is the cost factor involved
2 in maintaining the records. If the hospital records
3 are required to be maintained for a certain amount of
4 time, and a former patient or a current patient needs
5 their records, I mean, who's underwriting the cost of
6 just maintaining the physical records, however they are
7 maintained, whether on a disc or --

8 MR. CALABRIA: The hospital at least until
9 the end of the year is going to have staff in their
10 medical records department to do that. They are
11 currently in the process of transferring paper records
12 to a medical records storage company and are making
13 arrangements now to figure out how to get the
14 electronic records, too.

15 MS. BENTLEY-MCGHEE: And there would be
16 provisions made to underwrite the cost?

17 MR. CALABRIA: Well, that's what they tell
18 me, but I don't know.

19 MR. D'ORIO: Well, there's an ombudsman who
20 represents the community's issues, so the ombudsman has
21 asked the Court to make a provision for patient records
22 to be maintained.

23 MS. BENTLEY-MCGHEE: What I am really
24 thinking is there are entities out there that are very
25 interested in this hospital, I am thinking why aren't

1 they stepping forward, saying this is how we're going
2 to help this process through this transition period.
3 So that's, you know, in the back of my mind. That is
4 what I am thinking, that it is a little bit difficult
5 to be here and not really have an applicant or somebody
6 with a vested interest. If you've got a vested
7 interest in this whole process procedure, where are
8 you, because you're asking us to help and yet we are
9 not your lobbyist.

10 DR. DONLEN: Well, I think the issue is,
11 they're in bankruptcy. And rather than, you know -- I
12 think that if I were looking at it, I wouldn't want to
13 come here at this point to look like a transfer of
14 ownership and why aren't you taking on all the
15 liabilities, too.

16 MS. BENTLEY-MCGHEE: I don't mean that. I
17 just mean --

18 DR. DONLEN: I know you don't, but I
19 think they're waiting until some of this shakes out is
20 probably what any interested buyer might be wanting to
21 look at.

22 MS. BENTLEY-MCGHEE: Well, to me, life is
23 a show up game. So even if you don't speak, you can
24 show up at least to show some interest. You don't have
25 to sign up to speak, and so that concerns me that there

1 is nobody here.

2 MS. STOKLEY: I don't hear any objection
3 to putting the requirement to maintain information on
4 the hospital website, and I think someplace it would
5 signal to the bankruptcy court that that's important,
6 that we want people in the community who have their
7 medical records there to be able to -- on an ongoing
8 basis, to find out where their medical records are at.

9 DR. DONLEN: I would agree.

10 MS. BENTLEY-MCGHEE: Yes.

11 MR. BAKER: I think it's likely that the
12 bankruptcy court will take note of the requests of the
13 Department that are not intensive to that. I think the
14 bankruptcy court will also realize it's in the interest
15 of the creditors to have the license maintained because
16 that makes it easier to sell to someone else. But the
17 bottom line, if the bankruptcy court doesn't want to
18 pay for the license or doesn't want to pay for the
19 medical records or doesn't want to pay for the website,
20 there's no money and there's nothing we can do. No
21 matter what we say, there is nothing we can do. We are
22 here in a very limited role making some recommendations
23 that help preserve the interest of the community, as
24 the Mayor said, and help review the interest of the
25 patients. And we can hope the ombudsman and the

1 Department make it clear to the bankruptcy court that
2 those are important things for the public. And that is
3 really about all we can accomplish today.

4 MS. OLSZEWSKI: Is there anything else
5 that we can do today to help the community in terms of
6 conditions and whatever -- to help the community in
7 terms of finding somebody to take the place of Pascack
8 Valley?

9 MR. BAKER: No, other than keeping the
10 license open for 24 months.

11 DR. DONLEN: That really facilitates that.

12 MS. OLSZEWSKI: I must say after looking
13 at these financials, somebody made out very well salary
14 wise in 2003-2004 and then again in 2006. And those
15 suppliers really did well in 2006.

16 MR. BAKER: With the declining volume --

17 MS. OLSZEWSKI: With the declining volume
18 to spend an extra \$10 million in supplies.

19 So we're including in the conditions the
20 management team if Pascack Valley were --

21 DR. DONLEN: And a Department of Health
22 representative on the board and information on the
23 hospital website about the access of medical records.

24 MS. OLSZEWSKI: And encouraging to --

25 DR. DONLEN: Well, in addition to the

1 website, you know, do whatever can be done to make sure
2 the community has access in including a link from the
3 municipality website.

4 MR. CALABRIA: And you're looking for a
5 condition for the license to be offered for a general
6 hospital only?

7 DR. DONLEN: Yes.

8 MR. OLSZEWSKI: Judy, the Mayor had his
9 hand raised at one point. Did you have something
10 additional you wanted to say?

11 MAYOR WANNER: No.

12 MR. BAKER: Do you want a motion?

13 DR. DONLEN: Yes.

14 MR. BAKER: I'll move that we approve the
15 CN for closure for Pascack Valley Hospital subject to
16 the staff recommendations contained on Page 6 and 7
17 from staff recommendations. And in addition to those,
18 the following conditions:

19 That the license to be retained by the
20 hospital as a general acute care hospital license.

21 Second, that if Pascack Hospital
22 Association is the entity reopening the hospital, that
23 they will be required to provide one board seat on
24 their board for a designee for the Commissioner of the
25 Department of Health and Senior Services.

1 That also the Pascack Valley Hospital
2 Association is the operator to reopen the facility.
3 The Commissioner shall have the right to approve or
4 disapprove both the management team and the financial
5 plan of Pascack Valley Hospital Association prior to
6 their being able to recommence operation.

7 Further and additional condition, that for
8 a period of up to two years or until the hospital
9 reopens, whichever is shorter, that the licensee will
10 maintain on a publicly available website information as
11 to the process for obtaining complete patient medical
12 records.

13 DR. DONLEN: I will second.

14 MS. HERNANDEZ: Ms. Ainora?

15 MS. AINORA: Yes.

16 MS. HERNANDEZ: Mr. Kane?

17 DR. DONLEN: Absent.

18 MS. HERNANDEZ: Ms. Olszewski?

19 MS. OLSZEWSKI: Yes.

20 MS. HERNANDEZ: Ms. Bentley-McGhee?

21 MS. BENTLEY-MCGHEE: Yes.

22 MS. HERNANDEZ: Dr. Barone?

23 DR. DONLEN: Absent.

24 MS. HERNANDEZ: Dr. Lewis?

25 DR. LEWIS: Yes.

1 MS. HERNANDEZ: Mr. Baker?

2 MR. BAKER: Yes.

3 MS. HERNANDEZ: Dr. Vereea?

4 DR. VEREA: I just want to make a
5 statement. And I agree with the conditions that she
6 just mentioned. But I vote no to the closure of
7 Pascack Valley.

8 MS. HERNANDEZ: Judy Donlen?

9 MS. DONLEN: Yes.

10 MS. HERNANDEZ: We have six yeses and one
11 no.

12 DR. DONLEN: It passes.

13 Thank you everyone for coming. I know
14 this was a difficult one.

15 Is there any business anybody wants to
16 discuss?

17 None being heard.

18 Do I have a motion to adjourn?

19 MS. OLSZEWSKI: So moved.

20 DR. DONLEN: Second and passed.

21 (Whereupon, this matter was adjourned.)

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