



March 2, 2011

Hon. Dawn Zimmer, Mayor
Hon. Beth Mason, President
Hoboken City Council
Hoboken City Hall
94 Washington Street
Hoboken, New Jersey 07030

Re: Dissolution of the Hoboken Municipal Hospital
Authority and Sale of Hoboken University
Medical Center

Dear Mayor Zimmer and Council President Mason:

I am writing to you on behalf of New Jersey Appleseed Public Interest Law Center and the Coalition for Quality Healthcare to request that you hold a public hearing prior to adopting an ordinance dissolving the Hoboken Municipal Hospital Authority and, approving the sale of the Hoboken University Medical Center (the "Hospital"), in accord with N.J.S.A. 40A:5A-20.¹ New Jersey Appleseed is a nonprofit legal advocacy organization that represents the interests of the public upon the sale or merger of nonprofit hospitals pursuant to its Protection of Healthcare Assets and Services Project. The

¹ Pursuant to the Local Authority Fiscal Control Act, the Local Finance Board may approve the dissolution of the Hoboken Municipal Hospital Authority if "it finds that the ordinance [dissolving the Authority] . . . makes adequate provision in accordance with a bond resolution or otherwise for the payment of all creditors or obligees of the authority and that adequate provision is made for assumption of those services provided by the authority which are necessary for the health, safety, and welfare of the recipients of those services." Id.

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Coalition for Quality Healthcare is a Hoboken-based community organization that is seeking to ensure the delivery of quality and affordable health services to the residents of Hoboken and its environs.

At that hearing, we further request that you provide the same level of scrutiny that the State of New Jersey Attorney General would provide if that Office were to hear testimony and review the proposed sale of the Hospital pursuant to the factors set forth in the Community Healthcare Assets Protection Act, ("CHAPA") N.J.S.A. 26:2H-7.11 et seq. (governing the "acquisition" of a nonprofit hospital).

We understand that the proposed sale of the Hospital is subject to review by the Department of Health and Senior Services "DHSS" concerning certificate of need and licensure requirements, and that it will also be reviewed by the Local Finance Board pursuant to the standard of review set forth in N.J.S.A. 40A:5A-20 quoted in footnote 1. Nonetheless, neither agency will consider many of the factors the Attorney General would consider if this transaction involved the sale of a nonprofit hospital (in contrast to a public hospital) to a for-profit entity. In particular, we believe that the citizens and taxpayers of Hoboken must be assured that the authority "exercised due diligence in deciding to effectuate the acquisition, selecting the other party to the acquisition and negotiating the terms and conditions of the acquisition," N.J.S.A. 26:2H-7.11(c)(2); required each "conflict of interest" to be disclosed, N.J.S.A. 26:2H-7.11(c)(4); established "appropriate criteria in deciding to pursue a conversion in relation to carrying out its mission and purposes," N.J.S.A. 26:2H-7.11(d)(4); and is receiving "full and fair market value for its assets," N.J.S.A. 26:2H-7.11(d)(1).

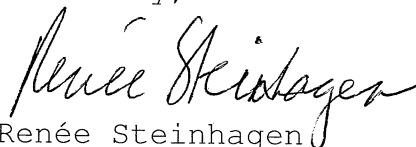
At this time, there are rumors in the community that:

- certain members of the authority will be receiving ownership interests in or positions with the new owner;
- that the new owner will be flipping the hospital to a real estate entity for \$90 million making an immediate profit; and
- that other respondents to the Request for Proposal were not permitted access to confidential information and thus were not invited to make a detailed, competitive bid for the hospital.

All such rumors would be put to rest if this transaction were subject to the same scrutiny as a sale undertaken by a private, nonprofit board.

Accordingly, we are urging the City Council to hold a public hearing to determine, as would the Attorney General under CHAPA that "appropriate steps have been taken to safeguard the value of the [public] assets of the hospital and that any proceeds from the proposed acquisition are irrevocably dedicated for appropriate charitable health care purposes." N.J.S.A. 26:2H-7.11(b). The citizens of Hoboken are due no less.

Sincerely,



Renée Steinhagen
Ex. Director

Cc: George Crimmins, HMHA
Attorney General Dow
Commissioner Alaigh, M.D.
Patricia McNamara, Local Finance Board