

Report to the Governor and to the Legislature on the Health Care Stabilization Fund State Fiscal Year 2009

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Jon S. Corzine, Governor
Heather Howard, Commissioner

New Jersey Department of Health and Senior Services
P.O. Box 360
Trenton, New Jersey 08625-0360
<http://www.state.nj.us/health>

Report to the Governor and to the Legislature on the Health Care Stabilization Fund Act - State Fiscal Year 2009

In accordance with the Health Care Stabilization Fund Act (the Act), P.L. 2008, c. 33, the Commissioner of the Department of Health and Senior Services (the Department) respectfully submits this initial report (the Report). The Report summarizes the efforts of the Department to implement and comply with the requirements of the Health Care Stabilization Fund Act. A copy of the Report is posted on the Department's website at <http://nj.gov/health>. The Report outlines the Department's activities regarding development of the administrative rules governing implementation of the Act, the Health Care Stabilization Fund Grant application process, the Health Care Stabilization Fund Grant awards, and current status of the Health Care Stabilization Fund Grants for FY2009, the initial year of awards under the Act.

I. BACKGROUND

A. Purpose and Intent of the Grant

Following the final *Report of the New Jersey Commission on Rationalizing Health Care Resources*, the Legislature created the Health Care Stabilization Fund Act (P.L. 2008, c. 33) and Governor Jon S. Corzine approved P.L. 2008, c. 33, on June 30, 2008. The Act became effective on the 60th day after enactment, or August 29, 2008.

The Health Care Stabilization Fund was established for the purpose of providing emergency grants to general hospitals and other licensed health care facilities to ensure continuation of access and availability of necessary health care services to residents in a community served by a hospital facing closure or significantly reducing services due to financial distress. New Jersey licensed health care facilities are eligible, through an application process, for grants from the Health Care Stabilization Fund.

On November 3, 2008, the Department published the Specially Adopted and Concurrently Proposed New Rules implementing the process for consideration of grants. 40 N.J.R. 6482(a). On April 20, 2009, the Department published the final adoption of administrative rules, which will govern the Health Care Stabilization Fund Grant administrative process going forward. 41 N.J.R. 1853(a). The purpose of N.J.A. C. 8:32 is to:

1. Implement N.J.S.A. 26:2H-18.74 through 18.78 (P.L. 2008, c. 33), the Health Care Stabilization Fund Act;
2. Establish the regulatory framework for the Department to provide financial assistance through temporary grants to qualifying health care facilities that are

facing closure or a significant reduction in services due to financial distress; and

3. Ensure continuation of access to and availability of necessary health care services for residents in communities served by qualifying health care facilities that have to discontinue or reduce health care services due to financial distress.

N.J.A.C. 8:32 applies to New Jersey based licensed health care facilities and covers requirements for grant eligibility, application, selection, audit and recordkeeping. The auditing requirement is mandated as part of the grant making process.

B. Overview of the Health Care Stabilization Grant Process

The SFY 2009 Appropriations Act, P.L. 2008, c.35 allocated \$44 million to the Health Care Stabilization Fund. Based on the availability of funding, the Department published a Notice of Grant Availability on the Department's web site at <http://nj.gov/health/grants/directory.shtml> and published in The New Jersey Register. 40 N.J.R. 5855(b). The Request for Application and the Application were also available on the Department's web site and distributed electronically to hospital CEOs and the hospital associations. Applications were due October 8, 2008.

The Department received 14 applications. One application was not accepted for processing as the applicant was an organization representing several facilities and therefore met neither the definition for qualifying licensed health care facility nor the minimum funding requirement for each facility. A Selection Committee (the Committee) was organized and met several times in the review and selection process. The Committee members represented a cross-section of the Department and program areas, including Senior Services and Health Systems, Office of the Commissioner, Hospital Finance and Charity Care, Primary Care Services, and a representative of the New Jersey Health Care Facilities Financing Authority in a consultative role.

II. RECOMMENDATION

After a thorough review of all the eligible applications, the Committee, in consultation with the Health Care Financing Funding Authority and the State Treasurer recommended the following grant awards: East Orange General Hospital, \$5 million; Jersey City Medical Center, \$22 million; Kimball Medical Center, \$1 million; Newark Beth Israel Medical Center, \$5 million; Raritan Bay Medical Center in Perth Amboy, \$4 million; and St. Mary's Hospital in Passaic, \$7 million. Due to the first year of implementation, the grant period is abbreviated

beginning on December 1, 2008 and ending on June 30, 2009. Due to the number of qualified applicants, DHSS made the decision to reduce the award compared to the requested amount based on the rationale that this decision was fair and equitable to the intent of the Act.

A. Eligible Applicants

The Committee evaluated all eligible applications listed below.

Name of Facility	Date Received	Amount Requested	Amount Awarded
Christ Hospital	10/08/08	\$ 1,585,188	
East Orange General Hospital	09/30/08	\$ 7,700,000	\$ 5,000,000
Hoboken University Hospital	10/08/08	\$ 7,600,000	
JFK Medical Center	10/08/08	\$25,000,000	
Kessler Memorial Hospital	10/08/08	\$ 2,101,000	
Kimball Medical Center	10/08/08	\$ 3,084,241	\$ 1,000,000
Liberty Health (Jersey City Medical Center)	10/08/08	\$37,516,000	\$22,000,000
Newton Memorial Hospital	10/08/08	\$ 2,000,000	
Raritan Bay Medical Center	10/08/08	\$10,000,000	\$ 4,000,000
St. Barnabas Medical Center (Newark Beth Israel Medical Center/Children's Hospital of NJ)	10/08/08	\$15,000,000	\$ 5,000,000
St. Clare's Hospital	10/08/08	\$ 3,778,525	
St. Mary's Hospital	10/06/08	\$22,651,238	\$ 7,000,000
Trinitas Hospital	10/08/08	\$ 4,200,000	
Total of all requests		\$143,607,192	\$ 44,000,000

B. Application Process and Evaluation Criteria

The Request for Application directed applicants on the application process including, but not limited to, required grant forms, project narrative requirements, and required supporting documentation. The Department determined that using standard health services grant application forms and standard auditing and record keeping controls applicable to all grantees of the Department provided the necessary transparency and accountability. The Health Care Stabilization Fund grant process implementing the Act relies on principles of transparency and accountability.

Specifically, the Request for Application identified the criteria that each applicant was to address in its submission:

- Identify hospital closure, reduction of service or need for stabilization of health care services that is impacting facility.

- Demonstrate extraordinary circumstances creating the need for health care stabilization by describing the population and community and the facilities' current barriers to service provision.
- Proposal must identify the population and community to be served.
- Plans/strategies/activities must be appropriate to stabilize access and/or availability of services and be directed to the target population and ensure access to health care services in the community.
- Specific activities proposed as part of the health care stabilization fund must be measurable and include a reasonable time frame for outcomes to be achieved.
- Document demonstrated efforts to improve efficiencies and facility management and governance.
- The proposed project must be appropriate and reasonable and incorporate a budget narrative that is complete, comprehensive and provides an explanation for each budget line item.
- The proposal must include a statement or description of how services will be maintained after June 30, 2009.

III. EVALUATION SUMMARY NARRATIVES, AWARD AND CONDITIONS

After a thorough review of all the applications, the Selection Committee, in consultation with the Health Care Financing Funding Authority, recommended the following grant awards: East Orange General Hospital, \$5 million; Jersey City Medical Center, \$22 million; Kimball Medical Center, \$1 million; Newark Beth Israel Medical Center, \$5 million; Raritan Bay Medical Center in Perth Amboy, \$4 million; and St. Mary's Hospital in Passaic, \$7 million. The Selection Committee determined that each of the applications met the grant criteria.

Within one year of the award of a grant from the fund, the Commissioner, in consultation with the State Comptroller, shall require each grantee to conduct an audit. Each Grantee is required to comply with the Single Audit Policy defined by the Department of Treasury, Office of Management and Budget (OMB Circular 404) and the Single Audit Act of 1984 (Federal OMB Circular A-133). The audit shall evaluate whether the grantee used the grant consistent with the provisions of the Act and any conditions imposed upon the award of the grant. This will be completed during SFY10.

As this is the first year of awards, the first grant cycle is not complete at the time of the filing of this Report, required to be submitted in March of each year. As

such, this Report does not include information on the final evaluation or the audit. The Department will report on the evaluation criteria and audit of funds for each awardee in next year's report to the Governor and Legislature. Department representatives are currently attending the Board of Trustees meeting for each of the facilities awarded funding under the Act. These Department representatives meet with the Commissioner as part of an on-going monitoring of the hospitals.

The narratives are presented in alphabetical order based on award recommendations and, unless otherwise noted, contain summary statements of information available at the time of grant selection.

APPLICANT NAME: East Orange General Hospital

The grant project period and budget period began December 1, 2008, and ends on June 30, 2009.

A main priority outlined in the Act and the Request for Application was a need for stabilization funds due to hospital closure or need for stabilization of health care services with a demonstration of extraordinary circumstances. East Orange General Hospital proposed a good general and detailed approach to the identification of the impact of four hospital closures on the facility as well as a documented high percentage of public and indigent payer mix as the need for stabilization funds. Recent certificate of need hospital closures in Newark were approved by the Commissioner, in part, based on the availability of services at East Orange. The applicant identified positive measures to utilize foundation support, lease or sell assets, and undertake a turnaround plan to improve efficiencies. Prior to the application, the facility implemented activities to utilize external resources and measures related to organizational efficiencies are strong. This application best responds to the goals and objectives of the Act in ensuring stabilization to a facility and maintained access.

East Orange General Hospital General Conditions

1. Grantees must provide monthly reports documenting progress on the performance and quality conditions.
2. Document existing procedures for enrollment in government programs (Medicaid and Family Care) and provide a baseline from which to measure progress.
3. Secure a contingency contract with a firm that specializes in revenue cycle improvements (unless one has been completed recently or is currently underway).
4. Include a State representative on the hospital board for the duration of the grant.
5. Provide baseline data regarding 30 day readmission rates and managed care denials.

East Orange General Hospital Specific Operational Conditions (must be completed by the end of the grant period)

6. Conduct a review of clinic services to determine if they could be provided through an FQHC or FQHC – look-a-like
7. Implement all the recommendations in the CAMBIO consulting report.
8. Reduce Case Mix adjusted Average Length of Stay by a 1/2 day.

9. Conduct a review of all services to identify areas for strategic partnerships

East Orange General Hospital Specific Quality Conditions (must be completed by the end of the grant period)

10. Improve quality scores by 7.5% in the following areas: heart attacks, surgical care and heart failure.

APPLICANT NAME: Kimball Medical Center

The grant project period and budget period began December 1, 2008, and ends on June 30, 2009.

Kimball Medical Center proposed a good general and detailed overview of the essential health care services offered at this facility. Kimball has experienced significant growth in both Charity Care and Medicaid patients over the last few years and in particular the Lakewood zip codes. The increase in low-income volume with a lack of transportation options in the region makes the facility a critical access point. Without additional support, maternal and child services and services with negative margins would be eliminated and emergency services significantly reduced. Additional deficient funding by the St. Barnabas Health Care System of NBIMC/CHONJ will jeopardize the entire system and could destabilize access to care in this community. The applicant has identified specific projections and measures to improve operations and financial measures and system changes. The application provides a documented plan to maintain services after the grant period.

Kimball Medical Center General Conditions

1. Grantees must provide monthly reports documenting progress on the performance and quality conditions.
2. Document existing procedures for enrollment in government programs (Medicaid and Family Care) and provide a baseline from which to measure progress.
3. Secure a contingency contract with a firm that specializes in revenue cycle improvements (unless one has been completed recently or is currently underway).
4. Include a State representative on the hospital board for the duration of the grant.
5. Provide baseline data regarding 30 day readmission rates and managed care denials.

Kimball Medical Center Specific Operational Conditions (must be completed by the end of the grant period)

6. Conduct a review of all services; identify areas for strategic partnerships.
7. Implement and report progress on recommended improvements included in the Accenture consultant's report.
8. Conduct a review of clinic services to determine if they could be provided through an FQHC or FQHC look-a-like. This analysis should be designed

to coordinate and mitigate any proposed reduction by transferring the services to an FQHC.

Kimball -Specific Quality Conditions (must be completed by the end of the grant period)

9. Improve surgical care quality score to the state median of 90.

APPLICANT NAME: Liberty Health

The grant project period and budget period began December 1, 2008, and ends on June 30, 2009.

Liberty Health proposed a good general and detailed overview of the essential health care services offered by Jersey City Medical Center (JCMC), to Jersey City and residents of Hudson County specifically care for financially vulnerable, provision of essential health care services, and utilization. Approximately half of the patients at JCMC are Medicaid or Charity care. This applicant included metrics as to profitability, liquidity, and capital structure. Liberty Health initiated and implemented an operational and financial analysis with the assistance of consultants. The Department is actively involved in working with Liberty Health to monitor organizational efficiencies and health care service access. Liberty's dependence on State assistance has declined substantially since the operational and financial analysis. Liberty closed Greenville Hospital in April 2008. Within the region, JCMC provides access to trauma and cardiac surgery. Other actions to improve revenues include an RFP to joint venture its home health agency; consolidated clinic services; and pursuit of additional financial relationships as part of a long-term strategic plan. This application provides sufficient documentation that funds will provide Liberty Health with the opportunity to implement initiatives recommended by consultants. This application best responds to the goals and objectives of the Act in ensuring stabilization to a facility and maintained access.

Liberty Health General Conditions

1. Grantees must provide monthly reports documenting progress on the performance and quality conditions.
2. Document existing procedures for enrollment in government programs (Medicaid and Family Care) and provide a baseline from which to measure progress.
3. Secure a contingency contract with a firm that specializes in revenue cycle improvements (unless one has been completed recently or is currently underway).
4. Include a State representative on the hospital board for the duration of the grant.
5. Provide baseline data regarding 30 day readmission rates and managed care denials.

Liberty Health Specific Conditions (must be completed by the end of the grant period)

6. Review potential alternative uses of Meadowlands Hospital.

7. Examine and report on the nexus between declining charity care volume and hospital expenses.
8. Improve expense per adjusted admission to statewide average.
9. Improve FTE per adjusted occupied bed to statewide average.
10. Review regional impact of cardiac services with an emphasis on access for low-income and minority populations.

APPLICANT NAME: Raritan Bay Medical Center – Perth Amboy Division

The grant project period and budget period began December 1, 2008, and ends on June 30, 2009.

Raritan Bay Medical Center (RBMC) – Perth Amboy Division proposed a good general and detailed approach to identifying hospital closure and/or reduction of services as creating the need for stabilization funds. The application of RBMC – Perth Amboy Division identified essential services provided by the applicant, the impact of limited transportation and the ability of surrounding facilities' to absorb patient volume. The Perth Amboy Division has a high percentage of public payers as compared to the Statewide average. Services at risk include Mobile Intensive Care Unit, HIV/AIDS Clinic, Orthopedic, Obstetric, and Pediatric Services, Family Practice Center, and ER Crisis Stabilization. RBMC's outside auditor issued a "going concern" opinion in the annual audit report ending 12/31/07. RBMC has completed its due diligence and issued an RFP to obtain offers on the Old Bridge Division and has activated positive measures to maintain essential services including selling the Old Bridge Division, restructuring debt, and investing capital into Perth Amboy. The applicant has identified specific projections and measures to sustain the Perth Amboy Division including management improvements. The application best responds to the stabilization of this hospital with a documented plan to maintain services after the grant period.

Raritan Bay Medical Center – Perth Amboy Division General Conditions

1. Grantees must provide monthly reports documenting progress on the performance and quality conditions.
2. Document existing procedures for enrollment in government programs (Medicaid and Family Care) and provide a baseline from which to measure progress.
3. Secure a contingency contract with a firm that specializes in revenue cycle improvements (unless one has been completed recently or is currently underway).
4. Include a State representative on the hospital board for the duration of the grant.
5. Provide baseline data regarding 30 day readmission rates and managed care denials.

Raritan Bay Medical Center – Perth Amboy Division Specific Operational Conditions (must be completed by the end of the grant period)

6. Complete sale of the Raritan Bay Old Bridge Hospital and obtain an affiliation agreement for Perth Amboy that provides for the long run viability of that facility.

7. Implement and report progress on recommended improvements included in the Accenture report.

8. Reduce Case Mix adjusted Average Length of Stay by a 1/2 day.

Raritan Bay Medical Center – Perth Amboy Division Specific Quality Conditions
(must be completed by the end of the grant period)

9. Improve performance on scores for surgical care by 7.5%.

APPLICANT NAME: St. Barnabas Health Care System/Newark Beth Israel Medical Center/Children's Hospital of New Jersey (NBIMC/CHONJ)

The grant project period and budget period began December 1, 2008, and ends on June 30, 2009.

NBIMC/CHONJ proposed a good general and detailed approach to the identification of the impact of two recent hospital closures (although noted 10 closures within 10 miles since 2002) and the closures' impact on inpatient volume, clinic services, and access to health care services. NBIMC/CHONJ is a critical access point for comprehensive inpatient and outpatient pediatric services, adult primary health care clinics, emergency, oncology, and outpatient mental health. NBIMC/CHONJ has a large proportion of Medicaid and Charity Care patients and is the largest provider of transplant and cardiac services in Newark. NBIMC/CHONJ is pursuing operational efficiencies and initiatives to reduce length of stay, enhance throughput, increase volume, enhance quality and patient safety, and restructure case management functions. Additional deficient funding of NBIMC/CHONJ by the St. Barnabas Health Care System will jeopardize the entire system and could destabilize access to care in this community. The applicant has identified specific projections and measures to improve operations and financial measures and system changes. It responds to the stabilization of this hospital with a documented plan to maintain services after the grant period.

St. Barnabas Health Care System/Newark Beth Israel Medical Center/Children's Hospital of New Jersey (NBIMC/CHONJ General Conditions

1. Grantees must provide monthly reports documenting progress on the performance and quality conditions.
2. Document existing procedures for enrollment in government programs (Medicaid and Family Care) and provide a baseline from which to measure progress.
3. Secure a contingency contract with a firm that specializes in revenue cycle improvements (unless one has been completed recently or is currently underway).
4. Include a State representative on the hospital board for the duration of the grant.
5. Provide baseline data regarding 30 day readmission rates and managed care denials.

St. Barnabas Health Care System/Newark Beth Israel Medical Center/Children's Hospital of New Jersey (NBIMC/CHONJ Specific Conditions (must be completed by the end of the grant period)

6. Conduct a review of clinic services to determine if they could be provided through an FQHC or FQHC – look-a-like. This analysis should be designed to coordinate and mitigate any proposed reduction by transferring the services to an FQHC.
7. Improve expense per adjusted admission to statewide average.
8. Improve FTE per adjusted occupied bed to statewide average.
9. Reduce Case Mix adjusted Average Length of Stay by a 1/2 day.
10. Implement the recommendations included from the Accenture consulting report and report monthly on progress of same.

APPLICANT NAME: St. Mary's Hospital of Passaic (SMH)

The grant project period and budget period began December 1, 2008, and ends on June 30, 2009.

St. Mary's Hospital of Passaic (SMH) proposed a good general and detailed approach to identifying hospital closure and/or reduction services as creating the need for stabilization funds. SMH is sole provider of acute medical services in the City of Passaic. SMH acquired the assets of PBI Regional Medical Center in February 2007. SMH is the single remaining hospital in a city that had three acute care general hospitals in 2002 and provides services to a large number of Medicaid and Charity Care patients. The transition and integration of the PBI services included the sale of the previous SMH campus at Pennington Avenue. The State is monitoring the facility through participation on the finance committee of the Board of Trustees. The Pennington Avenue property remains unsold and the funding associated with the sale is not available to provide necessary funds to stabilize the facility. The proceeds were a critical part of projected resources to sustain the facility in 2009 but have suffered with the recent downturns in real estate and capital markets. The applicant's financial condition has deteriorated to a level where, without assistance, SMH would be forced to close by the end of 2008. The applicant has eliminated inpatient behavioral health and implemented layoffs to help sustain operations to date. The stabilization fund will allow SMMC to continue to operate as a general acute care hospital long enough to merge with a stronger partner and preserve hospital services in Passaic City. An RFP was issued for the hospital with bids due in by December 5, 2008. The outside auditor issued a "going concern" opinion in the annual audit report. NOTE: After the selection and award of grants, SMH filed Chapter 11 Bankruptcy in March of 2009. The Department and HCFFA are monitoring and participating in this process.

St. Mary's Hospital of Passaic (SMH)General Conditions

1. Grantees must provide monthly reports documenting progress on the performance and quality conditions.
2. Document existing procedures for enrollment in government programs (Medicaid and Family Care) and provide a baseline from which to measure progress.
3. Secure a contingency contract with a firm that specializes in revenue cycle improvements (unless one has been completed recently or is currently underway).
4. Include a State representative on the hospital board for the duration of the grant.
5. Provide baseline data regarding 30 day readmission rates and managed care denials

St. Mary's Hospital of Passaic (SMH) Specific Operational Conditions (must be completed by the end of the grant period)

6. Complete a merger with a strategic partner that will increase market position and improve reimbursement rates.
7. Complete the sale of the Pennington Ave building by March 31, 2009.
8. Retain the services of a cash management expert.
9. Implement the operational improvement recommendations included in the JH Cohn consulting report.
10. Use a portion of the grant proceeds to pay the monthly debt service.

St. Mary's Hospital of Passaic (SMH) Specific Quality Conditions (must be completed by the end of the grant period)

11. Improve the following performance measures by 7.5%: pneumonia, surgical care and heart failures.
12. Achieve the state wide median score for heart attacks (97%).

NO RECOMMENDATION TO AWARD HEALTH CARE STABILIZATION FUNDS
- STATE FISCAL YEAR 2009

APPLICANT NAME: Christ Hospital

Based on availability of funds, this application did not sufficiently address the application criteria to receive an award. The application was limited to the provision of a service line that may be provided through alternative means. The provision of specific cardiac services in Southern Hudson County should be considered in a manner intended to rationalize capacity for those services and in coordination with neighboring facilities. The applicant's reference to a time-limited demonstration project, for which it does not have approval for participation, does not sufficiently address maintenance of the service. The application does not adequately address measurable outcomes, improvements in efficiencies, facility management, and governance.

APPLICANT NAME: Hoboken

Based on availability of funds, this application did not sufficiently address the application criteria to receive an award. The application did not adequately demonstrate that the services at risk of closing could not be maintained through the end of SFY 2009. Hoboken University Medical Center has completed financing and operational improvements which will improve cash flow going forward and provide sufficient capital to maintain existing operations. The application also did not provide sufficient information about ongoing relationship with the City, which has a considerable impact on its financial health.

APPLICANT NAME: JFK/Solaris

This application did not sufficiently address the application criteria to receive an award. As the application was predicated on several financial assumptions that have not manifested, sufficient funds are available to the applicant through State Fiscal Year 2009 without Health Care Stabilization Fund support.

APPLICANT NAME: Newton Hospital

Based on the availability of funds, this application did not sufficiently address the application criteria to receive an award. Grants related to the Department's Call for Certificate of Need Applications for inpatient closed acute psychiatric beds and the Department of Human Services' Division of Mental Health Services current planning efforts to major program and service expansions to community-based acute-care and ongoing mental health treatment are in place to provide added support for the services in State Fiscal Year 2009. Based on financial documentation available to the State, it appears the facility has sufficient internal cash reserves through SFY 2009.

APPLICANT NAME: St Clare's Foundation

Based on the availability of funds, this application did not sufficiently address the application criteria to receive an award. The application did not provide sufficient basis to determine if alternative resources had been pursued. St. Clare's Hospital is part of the Catholic Health Initiatives, a national hospital chain, whose agreement with St. Clare's Hospital includes provisions to provide interim financial support.

APPLICANT NAME: Trinitas Hospital

Based on the availability of funds, this application did not sufficiently address the application criteria to receive an award. The applicant identified the recent hospital closure of Muhlenberg Hospital as a demonstrated factor in its application. A closed hospital charity care allocation has provided funding to this facility. Pending State Health Planning Board recommendations on the Department's Call for Certificate of Need Applications for inpatient closed acute psychiatric beds and the Department of Human Services' Division of Mental Health Services current planning efforts to major program and service expansions to community-based acute-care and ongoing mental health treatment are in place to provide added support for the services in State Fiscal Year 2009. Based on financial documentation available to the State, it appears the facility has sufficient internal cash reserves through SFY 2009.

APPLICANT NAME: W.B. Kessler Memorial Hospital

The application did not provide a comprehensive assessment of a strategy for going forward and failed to adequately address the existing marketplace conditions and determine if funds from outside sources would provide any stabilization to this facility. On-going challenges such as demand and regional competition are not sufficiently addressed. Facility could and should seek outside resources to support the hospital operations in the form of strategic partnerships. The application references the bankruptcy but fails to identify the relationship between the plans to accomplish future financial stability without stabilization fund. The application refers to services reduced for several years due to bankruptcy but does not address how the facility will be maintained in the future. The application does not adequately address measurable outcomes, improvements in efficiencies, facility management, and governance.

NOTE: After the selection and award of grants, W.B. Kessler Memorial Hospital terminated acute care services as a general hospital in March, 2009. A required certificate of need for closure is required and will be reviewed according to regulatory requirements. The Department worked closely with W.B. Kessler Memorial Hospital to assure access to health care services. Atlanticare Health System, in consultation with the Department and W.B. Kessler Memorial Hospital management, opened a licensed Satellite Emergency Department on the hospital

site. This was a seamless transition and the surrounding community continues to have access to services.

CONCLUSION

The Report of the New Jersey Commission on Rationalizing Health Care Resources raised many complex and long-standing issues and provided multiple recommendations to improve the efficiency, accountability of the health care delivery system. The Commission also concluded that a large number of New Jersey's hospitals are in poor financial health. Governor Corzine and the Legislature, through this Health Care Stabilization Fund Act, provide an important tool to provide access to health care services in a community.