

CarePoint Health Mission Statements and Overview - Hudson Hospital

Hudson Hospital is a licensed 349-bed general/community Acute Care Hospital that includes Inpatient Care, Emergency Services, Outpatient and Specialty Services. It is part of a three-hospital system under the umbrella of CarePoint Health System. Hudson Hospital is located in the heart of Jersey City, NJ, which is rated the most diverse mid-sized city in the nation. Hudson Hospital does not only cover Jersey City but also many surrounding cities such as Hoboken, Bayonne, Union City, Weehawken, West New York, Guttenberg. In certain specialties, particularly in behavioral Health inpatient /outpatient and detox, Hudson Hospital receives patients from throughout the state of New Jersey.

Hudson Hospital offers acute care, emergency, and outpatient services to an underserved population in Hudson County. Hudson County is among the top communities for percentage of adults and children living at and below the national poverty level. As a result, the mix of patient population is heavily weighted toward Medicaid, self-pay and charity care patient. Over 60% of inpatient services, Emergency department visits, clinic visits, and surgeries, are provided to patients that cannot afford to pay for the cost of these services. According to the Lown Institute, Hudson Hospital has been ranked #1 as the "*Most Socially Responsible Hospital*" in the nation based on 54 different metrics, including clinical outcomes, equity, and value/cost-efficiency.

CarePoint Health- Hudson Hospital
Statement of Operations
DRAFT - (unaudited)
(in thousands)

Part I

| | <u>Dec. 31 2019</u> | <u>Dec. 31, 2020</u> |
|---|--------------------------|---------------------------|
| <u>Operating Revenues</u> | | |
| Net patient service revenue | \$ 179,580 | \$ 150,960 |
| Other operating revenue | 2,033 | 22,571 |
| Charity Care | 12,240 | 10,917 |
| Total Revenues | <u>193,853</u> | <u>184,448</u> |
| <u>Operating Expenses</u> | | |
| Salaries and wages | 65,877 | 65,029 |
| Supplies/Other Expenses | 104,282 | 101,499 |
| Employee benefits | 12,608 | 12,476 |
| Total Operating Expenses before Interest, Depreciation & Amortization | <u>182,767</u> | <u>179,004</u> |
| Operating Income / (Loss) before Interest, Depreciation & Amortization | <u>11,086</u> | <u>5,444</u> |
| Interest Expense | 6,022 | 8,215 |
| Depreciation and Amortization | 7,449 | 7,271 |
| Total Interest, Depreciation & Amortization | <u>13,471</u> | <u>15,486</u> |
| Net Income (Loss) | <u>\$ (2,384)</u> | <u>\$ (10,042)</u> |
| | | |
| Total Assets | 138,833 | 181,665 |
| Total Liabilities | 134,499 | 187,373 |
| Equity | 4,334 | (5,708) |

CarePoint Health - Hudson Hospital
DRAFT- Top 5 Independent Contractors
Dcember 31, 2020

| <u>Vendor</u> | <u>Description of Service</u> | <u>Amount</u> |
|----------------------------------|-------------------------------|---------------|
| Medical Staffing Network HC, LLC | Staffing | 2,010,721.91 |
| Cohn Reznick, LLP | Consulting | 665,731.00 |
| Jackson Pharmacy Prof, LLC | Staffing | 531,773.75 |
| Fastaff, LLC | Staffing | 517,656.50 |
| Jackson Nurse Prof, LLC | Staffing | 516,425.21 |
| Total # of 1099's | | 133 |
| Total # over \$100K | | 26 |
| # of W2's | | 1,137 |

Carepoint Health - Hudson Hospital
DRAFT - Part VI

| | |
|------------------------|---|
| Board - Voting Member: | 4 |
| Independent members | 2 |

Section B - Policies

| | |
|------------------------|-----|
| 12a - written policies | yes |
| 13 - whistleblower | yes |
| 14-Document retention | yes |

CarePoint Health - Hudson Hospital
Financial Statement Schedules
Part VIII DRAFT - Statement of Revenue
(in thousands)

| | <u>Dec. 31 2019</u> | <u>Dec. 31, 2020</u> |
|---------------------------------------|--------------------------|--------------------------|
| <u>Program Service Revenue</u> | | |
| Net patient service revenue | \$ 190,302 | \$ 161,371 |
| Other operating revenue | 2,033 | 22,571 |
| Total Revenues | <u>\$ 192,779</u> | <u>\$ 183,942</u> |

CarePoint Health - Hudson Hospital
Financial Statement Schedules
Part IX DRAFT - Statement of Functional Expenses
(in thousands)

Dec 31, 2020

| Part IX Statement of Functional Expenses | Total | Program Service Expenses | Management & General Expenses |
|---|-------------------|--------------------------------|-------------------------------------|
| Salaries, Wages, and Contract Labor | \$ 65,029 | \$ 52,023 | \$ 13,006 |
| Fringe Benefits | 12,476 | 9,981 | 2,495 |
| Purchased Services | 11,225 | 8,980 | 2,245 |
| Revenue Cycle Fees | 6,189 | 6,189 | - |
| Physician Directorships and other Physician Costs | 1,588 | 1,270 | 318 |
| Physician Practices Expense | 18,394 | 14,715 | 3,679 |
| Property Taxes | 1,518 | 1,214 | 304 |
| Medical Surgical Supplies | 16,681 | 16,681 | - |
| Liability and Workers Compensation Insurance | 3,785 | 3,028 | 757 |
| Rent, Maintenance, Repairs | 10,682 | 8,545 | 2,136 |
| Utilities | 2,098 | 1,678 | 420 |
| Pharmaceuticals | 6,106 | 6,106 | - |
| Administrative Support Services | 15,981 | 12,785 | 3,196 |
| All Other Supply | 7,253 | 5,802 | 1,451 |
| Interest Expense | 8,215 | - | 8,215 |
| Depreciation Expense | 7,271 | - | 7,271 |
| Total Expense | \$ 194,490 | \$ 148,998 | \$ 45,492 |

CarePoint Health - Hudson Hospital
2020 Schedule D
Par DRAFT - Land, Buildings and Equipment

| | Cost or other basis (other) | Accumulated Depreciation | Book Value |
|--------------------------|--|-------------------------------------|----------------------|
| 1a Land | \$ - | | \$ - |
| b Buildings | 79,650,221 | 42,391,604 | 37,258,616 |
| c Leasehold Improvements | | | - |
| d Equipment | 29,981,638 | 26,262,047 | 3,719,592 |
| e Other | 1,323,285 | 48,740 | 1,274,545 |
| Total | 110,955,145 | 68,702,392 | 42,252,753 |
| Intangibles | 11,971,000 | 4,903,053 | 7,067,947 |
| Total | \$ 122,926,145 | \$ 73,605,445 | \$ 49,320,700 |

CarePoint Health - Hudson Hospital
Balance Sheets
DRAFT - (unaudited)
(in thousands)

| | Hudson Hospital | |
|--|------------------------|----------------------|
| | Dec. 31 2019 | Dec. 31, 2020 |
| <u>Assets</u> | | |
| Current Assets: | | |
| Cash and cash equivalents - Unrestricted | \$ 7,794 | \$ 1,430 |
| Cash and cash equivalents - Restricted | 308 | 67,151 |
| Net Patient accounts receivable | 67,087 | 56,487 |
| Investments | 3,048 | 3,048 |
| Other receivables | 21 | 52 |
| Due From Third Party Payors | 398 | - |
| Inventory & Other Assets | 2,367 | 2,552 |
| Prepaid expenses | 1,707 | 1,624 |
| Total current assets | 82,730 | 132,344 |
| Intangible Assets | 8,267 | 7,068 |
| Property and equipment, net | 47,836 | 42,253 |
| Total Assets, Deferred Cost & Equipment | 56,103 | 49,321 |
| Total Assets | \$ 138,833 | \$ 181,665 |
| <u>Liabilities and Member's Equity</u> | | |
| Current Liabilities: | | |
| Current portion of Capitalized leases | \$ 5,076 | \$ 5,335 |
| Accounts payable and accrued expenses | 12,021 | 12,187 |
| Accrued Compensation | 6,482 | 4,088 |
| Due to Related Party | 32,494 | 30,716 |
| Loan Payable | 36,992 | 31,471 |
| Deferred Revenue | 1,490 | 51,906 |
| Due to Third Party-Current Portion | - | 17,062 |
| Total current liabilities | 94,555 | 152,765 |
| Long Term Liabilities: | | |
| Capital Lease Payable, less current portion | 39,944 | 34,608 |
| Total liabilities | 134,499 | 187,373 |
| Member's Equity: | | |
| Member's Equity (deficit) | 4,334 | (5,708) |
| Total Member's Equity | 4,334 | (5,708) |
| Total Liabilities and Member's Equity | \$ 138,833 | \$ 181,665 |

CarePoint Health - Hudson Hospital
Part XI DRAFT - Reconciliation of Equity
(in thousands)

| | <u>Dec. 31, 2020</u> |
|--------------------------------------|--------------------------|
| Equity at beginning of period | \$ 4,334 |
| Total Revenue | 184,448 |
| Total Expenses | <u>194,490</u> |
| Equity at end of period | <u><u>\$ (5,708)</u></u> |

CarePoint Health - Hudson Hospital
Part XII - DRAFT Accounting and Reporting

Part XII Financial Statements and Reporting

- | | |
|---|---------|
| 1. Accounting method used: | Accrual |
| 2a. Were the organization's financial statements compiled or reviewed by an independent accountant? | No |
| 2b. Were the organization's financial statements audited by an independent accountant? | No |
| 3a. As a result of a federal award, was the organization required to undergo and audit or audits as set forth in the Single Audit Act and OMB Circular A-133? | No |

CarePoint Health - Hudson Hospital

Schedule H Part I

DRAFT - Financial Assistance and Certain Other Community Benefits at Cost

Part I

1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a
b If "Yes," was it a written policy? Yes
Yes

2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. N/A

3a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing free care? No

3b Did the organization use FPG as a factor in determining eligibility for providing discounted care? Yes

If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: Other-no Insurance source

3c If the organization used factors other than FPG in determining eligibility, describe in Part VI the criteria used for determining eligibility for free or discounted care. Lack of insurance coverage for uninsured patients. This is not an asset test performed for discounted care.
Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care.

4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? Yes

5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? Yes

b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? Yes

c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? No

6a Did the organization prepare a community benefit report during the tax year? N/A

CarePoint Health - Hudson Hospital

Schedule H Part I

DRAFT - Financial Assistance and Certain Other Community Benefits at Cost

7 Financial Assistance and Certain Other Community Benefits at Cost

| Financial Assistance and Means-Tested Government Programs | Total community benefit expense | Direct offsetting revenue | Net community benefit expense | Net community benefit expense | percent of total expense |
|---|---------------------------------|---------------------------|-------------------------------|-------------------------------|--------------------------|
| 7a - Financial Assistance | 16,260,617 | 10,915,603 | (5,345,014) | 0 | 0 |
| 7b - Medicaid | 83,122,919 | 62,420,062 | (20,702,857) | 0 | 0 |
| 7c - Costs of other | N/A | N/A | N/A | N/A | N/A |
| 7d - Total | 99,383,536 | 73,335,665 | (26,047,871) | 0 | 0 |

Part III Medicare & Collection Practices

Section B. Medicare

| | |
|----------------------------------|----------------------|
| 5 - Total Medicare Revenue | 27,499,867 |
| 6 - Total Medicare Costs | 28,845,321 |
| 7 - Medicare Surplus(Shortfall) | (1,345,454) |
| 8 - Question on Cost Methodology | Cost to charge ratio |

Section C. Collection Expense

| | |
|---|-----|
| 9a Did the organization have a written debt collection policy during the tax year? | Yes |
| b If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? | Yes |

Part V

Section B. Facility Policies and Practices

| | |
|--|-----|
| 1 Was the hospital facility first licensed, registered, or similarly recognized by a state as a hospital facility in the current tax year or the immediate preceding tax year? | No |
| 2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? | No |
| 3 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? | N/A |
| 12a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)? | N/A |
| Did the hospital facility have in place during the tax year a written financial assistance policy that: | |
| 13 Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care? | Yes |

If "Yes," indicate the eligibility criteria explained in the FAP

Insurance Status

CarePoint Health - Hudson Hospital

Schedule H Part I

DRAFT - Financial Assistance and Certain Other Community Benefits at Cost

- 14 Explained the basis for calculating amounts charged to patients? Yes
- 15 Explained the method for applying for financial assistance? No
- 16 Was widely publicized within the community served by the hospital facility? No
- 17 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained all of the actions the hospital facility or other authorized party may take upon nonpayment? Yes
- 18 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:
- a. Reporting to credit agency(ies)
 - b. Selling an individual's debt to another party
 - c. Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous
 - d. Actions that require a legal or judicial process bill for care covered under the hospital facility's FAP
 - e. Other similar actions
 - f. None of these actions or other similar actions were permitted X
- 19 Did the hospital facility or other authorized party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? No
- 20 Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 19. Made presumptive eligibility determinations
- 21 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required the hospital facility to provide without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? Yes

CarePoint Health - Hudson Hospital
Schedule L Part II
DRAFT - Transactions With Interested Persons

| | |
|---|-----------------------|
| a) Name of interested person | Maple Healthcare, LLC |
| b) Relationship with Organization | Common Ownership |
| c) Purpose of loan | Working capital |
| d) Loan to organization: | To |
| e) Original Principal Amount | \$17,951,721 |
| f) Balance due (including accrued/pik interest) | \$21,471,435 |
| h) Approved by board or committees | Yes |
| i) Written agreement | Yes |

CarePoint Health - Hudson Hospital
Schedule R Part IV
Related Organizations Taxable as Corporations

| Name and address of related organization | Primary activity | Percentage ownership | Section 512(b)(13) controlled entity? | |
|---|------------------|----------------------|---------------------------------------|----|
| | | | Yes | No |
| McCabe Ambulance Service, Inc. 7 East 41st Street, Bayonne, NJ 07002 | Ambulance | 23.33 | | X |