

From: "Peter J. Betts" <peterjbetts@comcast.net>
To: "Richard McKinley" <RWM1@nrc.gov>
Date: 03/05/2008 7:41:37 AM
Subject: The hospital is sold

Richard, here is copy of today's paper reporting on the sale which took place yesterday. It could take 90 days to achieve regulatory approval.

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Judge OKs Barnert Hospital sale

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New 'medical mall' will not provide acute care

NEWARK -- A bankruptcy court judge in Newark approved the sale of Barnert Hospital on Tuesday, clearing the way for the Paterson facility to become a "medical mall."

Community Healthcare Associates LLC, of Bloomfield, submitted the winning bid in an auction last week. The company plans to operate an emergency room, lease space for doctors' offices and provide outpatient surgery and mental health and substance abuse programs out of the Barnert site.

The company could take over the facility within 90 days. Because Barnert is a nonprofit hospital, the sale has to be reviewed by the state.

District 1199J National Union of Hospital & Health Care Employees, representing about 130 hospital employees, was the only party that filed a written objection to the hospital's sale to Community Healthcare.

The opposition was based on the union's concerns that the company would not provide acute care and would not recognize the union, and also over compensation for workers, said Portia Badham, a spokeswoman for the union.

During Tuesday's proceeding, Mitchell Malzberg, an attorney for the union, dropped the objection to allow the sale to go forward. The union secured \$175,000 toward unpaid vacation, salary, sick time and pension costs for its members.

"It's better for them to get something than nothing out of this sale.

That's why we agreed to this sale," Malzberg said after the hearing.

Barnert Hospital filed for bankruptcy in August last year and closed most hospital services and the emergency room last month after a deal to maintain part of the hospital as an acute care facility failed. Joseph Lubertazzi, the hospital's attorney, said during his remarks Tuesday that the hospital was taking in "little or no" revenue.

Last week, Community Healthcare attorney Joseph Schwartz put the overall value of the deal at around \$15 million. He said the company would pay the hospital's secured creditors \$6 million, plus 75 percent of the hospital's account receivables, estimated at \$8 million, and \$1.75 million to the hospital.

Community Healthcare's partners include the former CEO of Passaic Beth Israel Hospital, Jeffrey Moll, and Steven Kirby, who was until last year interim president and CEO of LibertyHealth Systems, which includes Jersey City Medical Center and Meadowlands Hospital in Secaucus.

Two other companies, Hospital Associates LLC, of Philadelphia, and S & I LLC, of West Orange, also submitted bids and expressed their intentions

to operate acute care facilities at the hospital. Hospital Associates did not file a written objection. S & I withdrew its bid, Lubertazzi said.

The federal Housing and Urban Development agency, which is the biggest secured creditor and holds the mortgage on Barnert Hospital, approved the deal.

Congressman Bill Pascrell Jr., D-Paterson, one of the officials working behind the scenes to maintain Barnert as an acute care center, said in a written statement Tuesday that he was disappointed with the ruling, which leaves St. Joseph's Regional Medical Center as the city's only acute care provider.

"I remain disappointed that stronger consideration wasn't given to a bidder fully committed to maintaining Barnert's valuable medical services," Pascrell said. "Paterson's public health needs aren't going away and neither will my fight to provide for accessible and adequate acute care and women's services in this city."

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