



POSITION PAPER:

# Fulfilling the Historic Charge of University Hospital in Newark

and Sustaining the Opportunity for Public Health  
for Future Generations of New Jerseyans







## INTRODUCTION:

University Hospital in Newark is the only hospital owned by the state of New Jersey. Despite years of state neglect and insufficient funding, the hospital has still managed to meet the extensive demand placed on it. Born from an agreement between Newark and the state of New Jersey, University Hospital was built to combat the systemic racism, healthcare discrimination, and prejudice of the 1960s, all while providing state of the art care to the people of New Jersey. “The Newark Agreement,” signed in 1968, made a promise to these citizens to create and fund a premier hospital that would meet the needs of both the community and the entire state. As one of the few hospitals with the size and resources to turn no patient away, New Jerseyans should take pride in this landmark hospital.

Due to a lack of adequate state support, the facility is antiquated and deteriorating. To date, the state has made almost no capital investment in University Hospital. It is imperative that the state government and legislature come up with a financing mechanism to fund the \$1.2 billion estimated cost of a new University Hospital campus to replace the current 43-year-old facility.

Located in Newark’s Central Ward — home to a predominantly African American and minority community — University Hospital serves not only as North Jersey’s only Level 1 trauma center, but as a teaching hospital, research center, primary care provider, and key public health institution for the state of New Jersey. And, despite neglect and chronic underfunding by the state government and Rutgers - the State University of New Jersey - steering resources away from the only state-owned public hospital,<sup>1</sup> University Hospital has made a positive affirmation of its mission, as reflected in a new mission statement:

**“Partnering with our communities, University Hospital improves health for generations to come.”**

State support would put University Hospital on a sound financial footing in the future. New Jersey’s premier public health institution has boundless potential; with state funding that potential can become a reality.

University Hospital deserves a seat at the healthcare innovation table. The State must offer the same respect and appreciation for University Hospital’s medical innovation as given to other major healthcare systems in New Jersey by using this resource to fund part of the new facility. The State cannot afford to squander this opportunity to utilize University Hospital at its full potential for research and innovation.

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1. Rutgers has partnered with RWJBarnabas for numerous services including research, when Rutgers’ first priority is to University Hospital as mandated in the 1968 Newark Accords and the 2012 UMDNJ re-organization law, NJSA 18A:64M-1 et seq.

Prior to COVID-19, University Hospital handled other disease outbreaks, including becoming the northern New Jersey's Ebola evaluation center, servicing Newark airport in 2014, H1N1 or the swine flu, and MERS, all of which are severe viral respiratory illnesses.

As the only public acute-care hospital in New Jersey, and one of three Level One trauma centers in the state, University Hospital has the monumental task of addressing the public health needs of not just the greater Newark community, but all of Northern New Jersey as well.

For decades University Hospital has maintained a reputation as a well-respected, premier teaching hospital with the inclusion of such departments as New Jersey's first liver transplant center. As a teaching hospital aligned with the Rutgers New Jersey Medical School, University Hospital has leveraged its status as an academic medical center to research emerging COVID-19 therapies and testing platforms.

During the current pandemic, University Hospital has served as a pivot point for offering crucial intelligence to the state Regional Operations and Intelligence Center (ROIC), the Department of Health (DOH), and Gov. Phil Murphy's office.

University Hospital has risen to meet the robust challenges of the COVID-19 pandemic, having over 300 COVID-19 patients at one time at the peak of the pandemic with a daily average of more than 200 coronavirus patients.

New Jersey needs to do better: fund the only hospital the State owns for the citizens that use it and for the dedicated workers who serve those patients. It is unrealistic to expect University Hospital to continue to perform miracles in times of crisis, while not providing the funding necessary to treat patients and live up to the expectations of the State.

## A Letter to the Newark Community: The Future of university Hospital

"The unique, historical role of University Hospital within the fabric of structural racism in Newark cannot be understated. The cornerstone of a bargain with the African American community in the wake of riots in the 1960s, University Hospital was a central piece of the Newark Accords, an agreement with residents in the City by which University Hospital would give back to a community that was displaced by its original founding and subsequent development.

"Beyond the physical construction, the Accords were part of a broader response to social injustice and systemic racism that was centuries in the making. Newark was and, to a significant degree, still is the epicenter of some of the most pressing public health problems in the country. The incidence of tuberculosis, chronic disease, and other endemic health problems outpaces many urban areas in the United States, and rivals that of developing countries in several key examples. At University Hospital, concentrated poverty, rooted in structural racism, is the most important root cause of the medical conditions we see in our patients. To treat our patients definitively, we must crack the back of poverty and its manifestations in our community, including the outbreaks of violence that plagues our streets — and that will eventually require a wholesale change in the model of care that we provide as a hospital. Said differently: we will need not only to serve the medical and healthcare needs of our patients, but also to coordinate the resolution of upstream, social root causes for our patients' health problems. Instead of being part of a system of churn, where we resolve an acute health problem only to send folks back to the environment that caused them to **need our care in the first place, we need to start solving problems for our patients.**"



**Dr. Shereef Elnahal,**  
Former CEO, University Hospital

Source: <https://www.uhnj.org/UH-Vision.pdf>



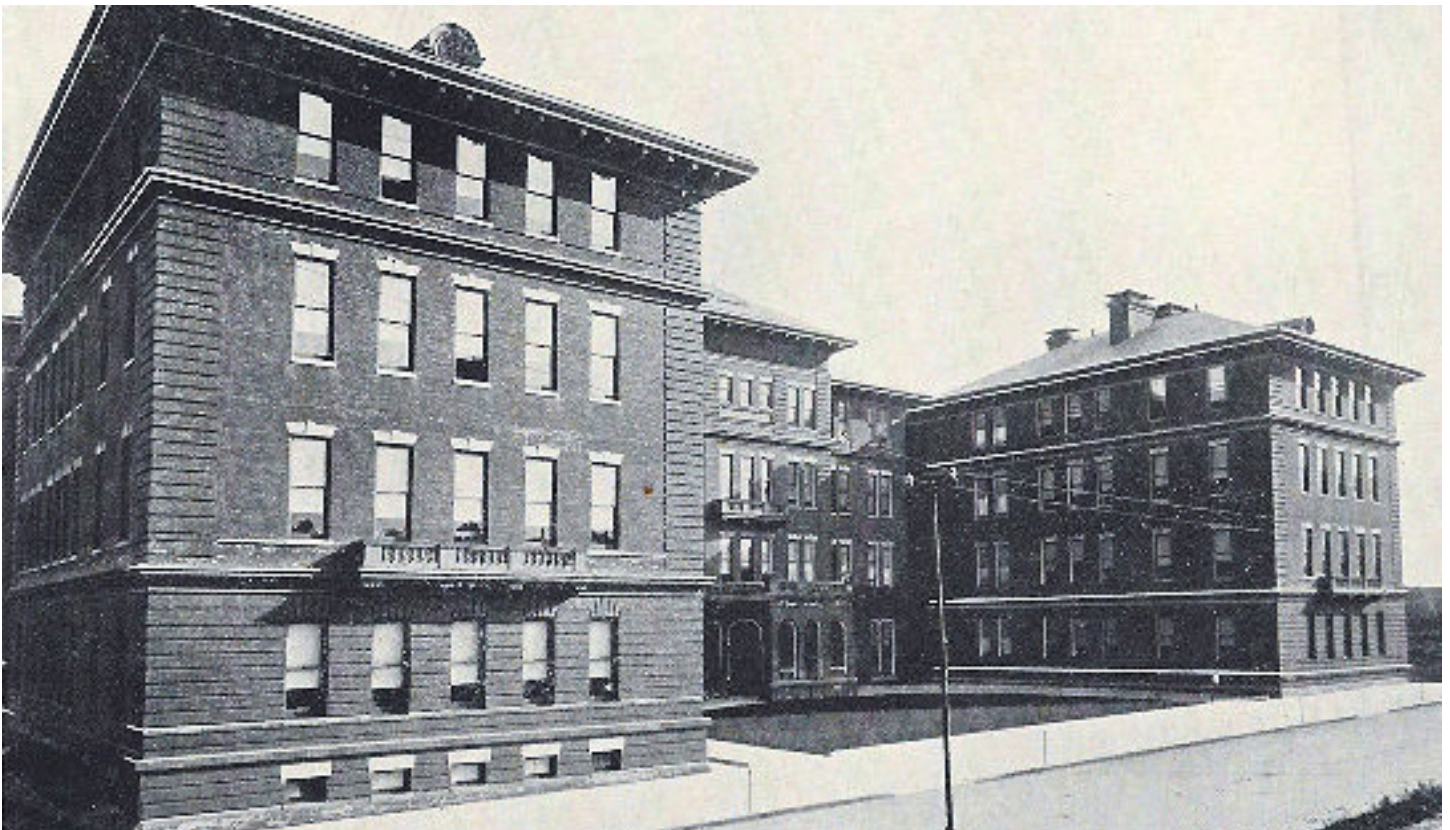
## WHY UNIVERSITY HOSPITAL SHOULD RECEIVE \$600 MILLION IN ARPA FUNDS

**University Hospital has proven many times over that it is invaluable to the healthcare landscape of the State of New Jersey: it is not just a hospital that serves Newark:**

- ➔ It was the hospital the State turned to during the Ebola crisis
- ➔ Its EMS services assisted during 9/11
- ➔ It provided much needed services to victims of Hurricane Sandy
- ➔ It served as a COVID-19 pandemic coordination center for north New Jersey

**State-owned University Hospital is the primary teaching and research hospital of Rutgers University New Jersey Medical School:**

- ➔ UH has leveraged its status as an academic medical center to research promising COVID-19 therapies and testing platforms
- ➔ Physician-scientists at Rutgers New Jersey Medical School were the principal investigators in more than five clinical trials testing different therapeutic regimens for coronavirus, including trials involving remdesivir, hydroxychloroquine, azithromycin, and other novel antiviral therapy trials
- ➔ The first saliva test for COVID-19 approved by the FDA came out of this same community of physician researchers
- ➔ UH was also one of only a few hospitals in New Jersey providing a novel therapy that was the most promising of all options at the time — convalescent plasma



**It is the only public acute care hospital in New Jersey, and the only state-approved Level 1 Trauma Center in northern New Jersey:**

- ➔ Government payers – Medicare, Medicaid, and health care subsidies – make up the primary source of the hospital's revenue, for an average of 74 percent since 2014.<sup>2</sup>
- ➔ New Jersey has ranked fifth highest on the list of Federal Medicaid Disproportionate Share Hospital (DSH) allotments since 2008<sup>3</sup> of which University Hospital is a large recipient
- ➔ There are approximately 852,575 uninsured citizens in New Jersey,<sup>4</sup> tens of thousands of whom access healthcare at University Hospital: UH had more than 300,000 outpatient visits alone in 2021<sup>5</sup>
- ➔ Prior to the COVID-19 pandemic, University Hospital's emergency room was serving upwards of 90,000 patients annually, a unit that was built in 1979 to serve 50,000 patients

**"Our emergency department was built for about 50,000 visits per year. We're going to get close to 100,000 visits this year." <sup>6</sup>**



**Mary Maples**  
Acting CEO, University Hospital

**As a premier research and teaching hospital as well as a "safety net" hospital, every public health service that University Hospital provides is critical to the wellbeing of the largely uninsured and underinsured community it serves:**

- ➔ For decades University Hospital has maintained a reputation as a well-respected, premier teaching hospital with the inclusion of such departments as New Jersey's first liver transplant center
- ➔ University Hospital's Center for Advanced Liver Diseases and Transplantation is named the number one liver transplant center (out of 61 such centers nationally), honored for its 98 percent survival rate<sup>7</sup>
- ➔ University Hospital served as the command center for northern New Jersey, offering crucial intelligence to the state Regional Operations and Intelligence Center (ROIC), the Department of Health (DOH), and Gov. Phil Murphy's office during the COVID-19 pandemic
- ➔ University Hospital used its 24/7 Medical Coordination Center (MCC) to coordinate transfers of patients to the Meadowlands FMS from northern New Jersey hospitals, as well as assisting with the allocation of critical supplies and resources

2. University Hospital Audited Financial Statements 2014–2021.

3. The Kaiser Family Foundation database currently provides DSH data from 2008 through 2020, accessed 27 May 2022, <https://www.kff.org/medicaid/state-indicator/federal-dsh-allotments/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

4. 2020 U.S. Census, New Jersey at a glance, accessed 27 May 2022, <https://www.census.gov/quickfacts/NJ>

5. University Hospital had 230,292 clinic visits, 75,247 emergency room visits, and an occupancy rate of 60 percent in 2021, NJ DOH B-2 data.

6. Darren Tobia. "Where Trailers Stand in Newark, a New University Hospital Could Rise with Gensler's Help." Jersey Digs, 12 April 2022, <https://jerseydigs.com/new-university-hospital-newark/>; By 2030, the hospital could see more than 120,000 patients, according to Gensler.

7. TAPINTO Newark Staff. *University Hospital's Liver Transplant Program Ranks No. 1 in United States*. TAPintoNewark, 11 January 2021, <https://www.tapinto.net/towns/newark/sections/health-and-wellness/articles/university-hospital-s-liver-transplant-program-ranks-no-1-in-united-states>

**The State of New Jersey, with a population of 9.3 million, owns only one public hospital, University Hospital:**

- ➔ The state of New York with a population of 19.8 million<sup>8</sup> has 24 public hospitals<sup>9</sup> – 11 of those public hospitals are in New York City, which has a population of 8.8 million,<sup>10</sup> just 500 thousand less than the state of New Jersey
- ➔ Line-item funding for University Hospital has remained stagnant since its separation from UMDNJ, with an average of \$46 million in State appropriations each year since FY2014<sup>11</sup>
- ➔ New Jersey has just one hospital to fund, and it needs to meet its commitment of ownership by helping University Hospital to build a new campus and replace the 43-year-old building that is crumbling around patients and staff
- ➔ The physical structure of University Hospital is more than twice the actual age of any other hospital structure in New Jersey
- ➔ The electrical system frequently fails and the generators need to pick up the slack
- ➔ Chronic interior flooding due to breaking pipes shuts whole units down, forcing staff to relocate patients

“University Hospital is the only public hospital in the state. It’s an asset of the state of New Jersey so, for all intents and purposes, it functions like 125 West State Street. It’s a building that belongs to the State of New Jersey. It is an institution that, when you want to talk about being smacked by COVID-19, Essex County had one of the highest numbers and, unfortunately, we always want to be first, in these spaces we don’t want to be, Newark had one of the highest hit communities in deaths and death toll, because of the pandemic. Understanding all of those circumstances, I am just making a plea here that we have a once-in-a-lifetime opportunity to build a state facility that changes itself. University Hospital is a true asset for the entire state. it is the highest provider of healthcare for every single person in the state who is underinsured. You get into a severe, terrible accident or you’re looking for a very specific kind of specialty, you go there because the experience and excellence is extraordinary. but if you can schedule surgery, you go somewhere else. And it’s time for us to match that excellence and expertise and have it reflected in a public building. So, I hope the administration is listening loud and clear that it’s time for the city of Newark and the state, because what ends up happening is that we get couched as a municipal or geographic northern institution. it is a state public health hospital that needs state support for infrastructure.”<sup>12</sup>



**M. Teresa Ruiz**  
NJ State Senator (D):

8. U.S. Census, <https://www.census.gov/quickfacts/NY>

9. Kaiser Family Foundation database, Hospitals by Ownership Type, <https://www.kff.org/other/state-indicator/hospitals-by-ownership/?dataView=1&currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

10. U.S. Census, <https://www.census.gov/quickfacts/newyorkcitynewyork>

11. Analysis of New Jersey State Budgets, FY2014 through FY 2023.

12. Senator M. Teresa Ruiz, statement during NJ Senate Budget & Appropriations Committee hearing with NJ DOH Commissioner Judith Persichilli, 3 May 2022.



The FY2023 Budget Detail describes UH thus:

**University Hospital is a principal teaching hospital of Rutgers Biomedical and Health Sciences, is home to Northern New Jersey's Level 1 Trauma Center, and is a regional resource for specialized services and critical care. Located in Newark, University Hospital is also home to specialty programs such as the Center for Liver Diseases, which attracts patients from across the state. University Hospital is a model venue for the integration of education and research to promote breakthrough discoveries in health care. Serving as the primary teaching hospital for New Jersey Medical School, New Jersey Dental School, and other Newark-based health care programs, University Hospital is uniquely positioned to advance extraordinary health care, scientific discoveries, and medical education to the City of Newark, the surrounding communities, and the state of New Jersey.**<sup>13</sup>

The State of New Jersey has a moral and ethical obligation to honor its commitment to University Hospital. Giving tens of millions of dollars to private hospital corporations<sup>14</sup> that can fully fund their own improvements is a disservice to the citizens of New Jersey, when University Hospital should be the State's first priority in health care. Only then will University Hospital be able to fully live up to the description provided in the State's Budget Detail.



13. NJ FY2023 Budget Detail, emphasis ours, p. D-342, <https://www.nj.gov/treasury/omb/>

14. Based on the Governor's recommendation and the approval of the Senate Budget & Appropriations Committee for Hackensack Meridian Health. As of the end of the fourth quarter of 2021, HMH shows \$558.7 million in excess revenues over expenses. See quarterly statement, <https://emma.msrb.org/IssueView/Details/ER379679> and see NJ DOH responses to NJ Office of Legislative Services questions regarding distribution of \$550 million of American Rescue Plan State Fiscal Recovery Funds for NJ Level 1 Trauma Centers, none of which are HMH hospitals, and yet HMH still was awarded \$100 million; and, giving Inspira Health \$20 million to take over Salem Medical Center, when it shows \$90.96 million in excess of revenues over expenses at end of its 2021 fourth quarter, <https://emma.msrb.org/IssueView/Details/EP378557>. See [https://pressofatlanticcity.com/business/inspira-health-is-acquiring-salem-medical-center/article\\_ae65f354-6280-11ec-b8ed-d3c619636ce2.html#tncms-source=signup](https://pressofatlanticcity.com/business/inspira-health-is-acquiring-salem-medical-center/article_ae65f354-6280-11ec-b8ed-d3c619636ce2.html#tncms-source=signup)

## WHY UNIVERSITY HOSPITAL CANNOT FUND THE NEW HOSPITAL ON ITS OWN<sup>15</sup>

### UH PHYSICAL PLANT IS ANTIQUATED

Can measure this with Average Age of Plant Ratio<sup>16</sup>

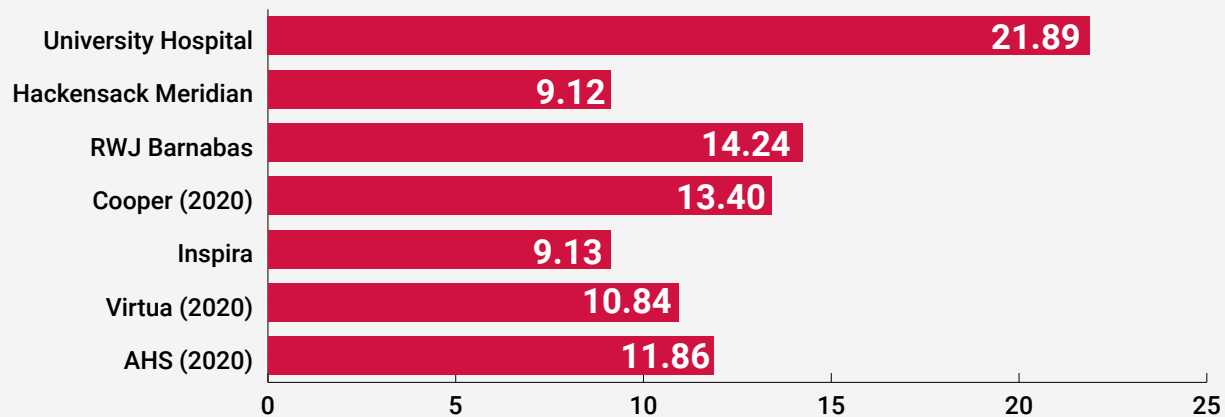
- ➔ Accumulated depreciation divided by annual depreciation
- ➔ Higher numbers indicate older plant

UH average age of plant based on 2021 audit is 21.89 years

New Jersey 2020 statewide median is 12.40 years and the 25th percentile is 16.45 years – meaning UH is in the bottom 25% of NJ hospitals



Comparables for other NJ hospitals:



The 2021 number for UH is high even after an atypically high annual spend on plant and equipment in 2021; the 2020 number was 24.07 years

15. Sources for hospital-specific numbers are their annual audited financial statements; source for NJ statewide data is the New Jersey Health Care Facilities Financing Authority – The Apollo System reports.

16. Average age of plant is an accounting calculation that reflects how long ago a hospital's plant and equipment were put into place and how frequently they have been renovated, replaced or upgraded. Because the calculation takes into account all of the hospital's physical assets, including major movable equipment, the number isn't solely based on the age of the hospital building itself.



## ABILITY OF UH TO MAKE UPGRADES IS LIMITED

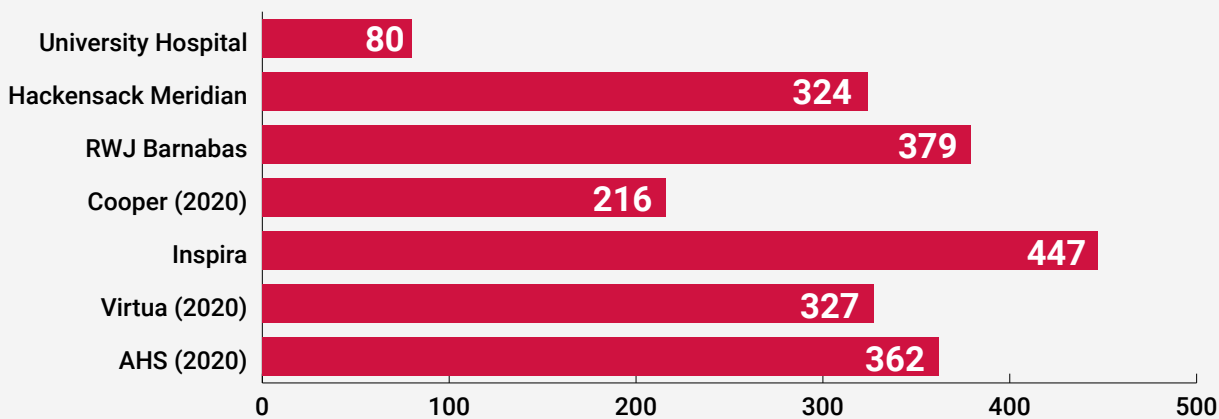
### UH has limited internal resources as measured by days cash on hand

- ➔ Defined as cash plus board designated funds divided by average daily expenses
- ➔ Higher numbers indicate more resources available for new programs, spending on plant and equipment, or to meet emergencies

### UH days cash on hand based on 2021 audit is 80 days

- ➔ New Jersey 2020 median is 193 days and the 25th percentile is 89 days, meaning again UH is in the bottom 25% of New Jersey hospitals

### Comparables for other NJ hospitals:



### An alternative to internal resources is long-term borrowing

### But, UH capacity to add debt is limited as existing levels are already high

### Can measure this with cash to debt ratio or debt to capitalization ratio

- ➔ Cash to debt is cash plus board designated funds divided by long-term debt – higher numbers are preferred
- ➔ Debt to capitalization is liabilities divided by liabilities plus net assets – lower numbers are preferred
- ➔ Poor numbers on these ratios indicate that access to debt will either be prohibitively expensive or possibly not available at all

### UH cash to debt based on 2021 audit is 54%

- ➔ New Jersey 2020 median is 216% and 25th percentile is 42%, meaning UH is below statewide median but not in the bottom quartile

### UH debt to capitalization is 1.54 based on 2021 audit

- ➔ New Jersey 2020 median is .26 and the 25th percentile is .47, meaning UH is in the bottom quartile

### Comparables for other NJ hospitals:

Hospitals	Cash to Debt	Debt to Capital
<b>University Hospital</b>	<b>54%</b>	<b>1.54</b>
Hackensack Meridian	162%	0.52
RWJ Barnabas	179%	0.54
Cooper (2020)	244%	0.50
Inspira	216%	0.43
Virtua (2020)	178%	0.40
AHS (2020)	223%	0.48

The data show that UH has one of the most antiquated hospital plants in New Jersey and compared to other hospitals in the state, has extremely limited resources to make the necessary investments to address that deficiency.





## CONCLUSION:

### **How do we live up to our public health responsibility to serve all New Jersey residents?**

University Hospital in Newark is a New Jersey state resource. The responsibility to oversee and maintain its well-being belongs not just to governors but to the New Jersey state legislature as well. Each and every senator and assembly member in the New Jersey legislature has a responsibility to see that the operation of the State's only wholly public-owned hospital is supported, thrives, and serves all New Jerseyans now and in the future.

The State expects University Hospital to be the linchpin of the New Jersey public health infrastructure. Yet, it must co-exist alongside private health corporations in the state, not 'better than' but certainly not less than either. While the State is content to play up the importance of University Hospital's role in public healthcare, it has failed to provide the funding to maintain the hospital, leaving it in critical disrepair.

Given the capital needs of the hospital due to decades of underfunding and a lack of available resources, University Hospital must rely on state-help if the new hospital campus is to become a reality. The American Rescue Plan Funds provided to the state by the federal government is a "once-in-a-lifetime" opportunity for the State to support this new endeavor without burdening taxpayers or the State budget. Owned by New Jersey, the state must fully fund and support University Hospital's operations so that it can continue its vital mission to our community and the State of New Jersey.

That is how we live up to our public health responsibility to all New Jersey residents. That is how we ensure all New Jerseyans receive the care they so desperately deserve.





## About HPAE

HPAE represents 14,000 nurses and health care workers throughout New Jersey. Nurses and health care workers join HPAE to advance and improve patient care and professional practices and working conditions in their health care facilities. Whether it is advocating for safe staffing at the bedside, for patient and worker safety, for adequate funding for medical research and health care access, HPAE members play a strong role in setting standards for our health care throughout New Jersey and our nation.

