

## HUMC North at Pascack Valley: Key Aspects

August 2008

On August 1, a Certificate of Need application was filed for Hackensack University Medical Center North at Pascack Valley (HUMC North), a 128-bed hospital to be located at the site of the former Pascack Valley Hospital in Westwood. This project will be financed through nearly \$100 million in private investment, with no public money at risk. The site was purchased jointly by Hackensack University Medical Center (HUMC) and Touro Medical College. The latter's medical school at this location will complement and enhance quality of care for the community.

HUMC is one of the five busiest hospitals in the United States, and HUMC North will provide a much needed outlet for excess volume at the Hackensack location. HUMC North will serve a "core market" of 14 municipalities located in the far northeastern corner of Bergen County, and is the only hospital located in that area. Fewer than half of the 280 beds previously licensed for Pascack Valley Hospital will be operated at HUMC North.

According to the Final Report of the New Jersey Commission on Rationalizing Health Care Resources, the average occupancy of hospitals in the Hackensack/Ridgewood/Paterson Region (HRP Region) exceeds that of New Jersey as a whole. The report projected an excess of 250 beds for the HRP Region in 2010. However since the data were collected, 696 beds at three hospitals in this region (PBI Regional Medical Center, Barnert Hospital, and Pascack Valley Hospital) have closed. Therefore, even after 128 beds at HUMC North reenter the system, the Hackensack/Ridgewood/Paterson Region will have 568 beds fewer than the report projected will be required in 2010. The operation of 128 beds at HUMC North therefore is consistent with the recommendations of the Commission.

HUMC North will provide a significant number of construction jobs, approximately 400 permanent jobs at the hospital after one year, nearly \$170 million in revenue for Bergen County by 2011, and a tax ratable property for the town of Westwood. It will therefore generate significant financial benefits for the local communities.

The hospital will be operated as a joint venture between HUMC and Legacy Hospital Partners, Inc. It represents an exceptional opportunity to combine the experience of New Jersey's leading hospital with Legacy's nationally recognized management team, whose members were formerly senior executives of Triad Hospitals, Inc. Legacy's unique strategy is to collaborate with leading, high quality, not-for-profit organizations by forming joint ventures to own, operate, and manage community hospitals. Legacy's distinguished Board of Directors consists of former not-for-profit and for-profit hospital executives (including three former chairs of the American Hospital Association) and other individuals with extensive health care and financial expertise.

It is essential to remember that Pascack Valley Hospital did not close due to lack of community need for the hospital and its resources, but rather as a result of bankruptcy. Subsequent to the closure, elected officials, physicians, and members of the local communities have consistently appealed for a community hospital to be operated on the Westwood site. Historically, there has been significant overlap in the Pascack Valley and HUMC medical staffs, and over 200 physicians with practices in the Westwood area have already committed to join the medical staff of HUMC North.

Both HUMC and The Valley Hospital have consistently reported occupancy levels exceeding 90 percent for medical/surgical beds, and the recent local hospital closures of PBI Regional Medical Center, Barnert Hospital, and Pascack Valley Hospital have exacerbated those bed capacity issues. It is projected that medical/surgical occupancy at HUMC North will stabilize at approximately 80 percent by the third year of the project, an occupancy rate that is generally accepted as efficient.

HUMC North will not impact negatively on other Bergen County hospitals, but rather will enhance care for the region. This unique joint venture, using solely private financing with no public funding at risk, is a model that holds promise for the future of New Jersey's ailing hospital system.