Future on the line for Bergen Regional
Vital hospital faces questions on operations

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With a year to go before the contract with the operators of Bergen Regional Medical Center expires, county officials are weighing several options for the institution. That decision will affect tens of thousands of patients, renew scrutiny of the for-profit company that runs the hospital, and affect regional health care for decades.

The 19-year contract between the company that runs the Paramus hospital, Bergen Regional Medical Center LP, and the Bergen County Improvement Authority, is set to expire in March 2017.

Lawmakers, several county officials and others say it’s time for a change.

Critics complain the agreement has shortchanged patients and taxpayers and allowed a for-profit company to skirt millions in repairs while reaping substantial profits from the county-owned hospital.

“This was never a good deal for the people of Bergen County,” said state Sen. Loretta Weinberg, D-Teeanck.

There’s much more at stake than drafting a new agreement.

Experts say it’s essential to preserve Bergen Regional – a linchpin in New Jersey’s fragile mental health system – as more psychiatric facilities close and other hospitals cut or eliminate unprofitable mental health units. The hospital’s services are needed more than ever for seniors, addicts and even children.

“Although it’s a county facility, Bergen Regional is crucial to the entire state mental health system,” said Phil Lubitz, associate director of the National Alliance on Mental Health of New Jersey.

In the next several months, county officials will consider fundamental questions: Should the hospital continue providing psychiatric, long-term and acute services? Is it wise to have a for-profit operator?

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Selling the hospital, as a prior administration proposed, seems to be the only option that’s not on the table.

Bergen County Executive James Tedesco favors the county maintaining ownership and said he considers securing the hospital’s future a defining issue of his administration.

“I have always known that Bergen Regional Medical Center plays an important role as the social safety net for our most vulnerable and needy,” Tedesco said. “Preserving and strengthening Bergen Regional Medical Center is something I’m passionate about because it is the right thing to do.”

The company that runs the hospital is eager to renew the contract, a spokeswoman said. They have achieved their mission of saving the county money and providing cost-effective care, she said.

Instead of losing $5 million as the county did in the year before awarding the contract, Bergen Regional has paid $135 million in rent to the Bergen County Improvement Authority and invested $62.4 million in repairs and capital improvements, said Donnalee Corrieri, spokeswoman for Bergen Regional Medical Center LP.

N.J.’s largest hospital

What began 100 years ago as the Bergen County Isolation Hospital – where tuberculosis patients received care – has grown into the state’s largest hospital and one of the region’s most essential. It provides emergency care, psychiatric and addiction services and also has a nursing home.

The 1,085-bed hospital admitted 11,816 patients last year, Corrieri said. There were also 13,579 emergency room visits and 30,552 outpatient visits, she said.

The hospital provides care that is difficult to find elsewhere. In December, it added 10 beds to address an urgent need for medical detox as a heroin crisis continues to sweep the state. Even with 54 beds, there’s still up to a four-day wait for care. For the 950,000 Bergen County residents, the state has designated the hospital as the go-to facility for those in psychiatric crisis – and each month the county crisis line sends 250 people there for evaluation. For children and adolescents in need of inpatient psychiatric care, there are few other choices in the state. And families in need of nursing home care for elderly people with dementia and psychiatric disorders turn to Bergen Regional because it’s one of the few options for such specialized care.

A county-appointed advisory committee as well as consultants are exploring several options for Bergen Regional’s future including: partnering with the Department of Veterans Affairs to expand services on the campus; finding another operator; creating a non-profit corporation to operate the hospital; or forging a new joint operating company involving the BCIA, the county and a third partner.

“The members are actively, productively working to craft recommendations on the future of the hospital,” Tedesco said.

The 15-member advisory committee includes: Teaneck Mayor Lizette P. Parker; Bergen County Surrogate Michael Dressler; County Administrator Dominic Novelli; and Malcolm A. Borg, chairman of North Jersey Media Group, which publishes The Record and Herald News. Mauro Raguseo, acting executive director of the BCIA, is executive director of the task force. Committee members are prohibited from discussing talks.

Consultants from the Illinois-based Kaufman, Hall & Associates and some committee members met this month with the presidents
of Holy Name Medical Center in Teaneck, Englewood Hospital and Medical Center, The Valley Hospital in Ridgewood and Hackensack University Medical Center. No one is expecting those hospitals to partner with the facility, but the consultants wanted opinions on services and care trends.

“You want the hospital to exist,” said Michael Maron, president and CEO of Holy Name. “They wanted more affirmation around its long-term care, acute beds and behavioral health care services.”

Audrey Meyers, president and CEO of Valley, said she spoke “specifically about the shortage of addiction treatment options in the area, the need for both inpatient and outpatient mental health programs, and the growing need for long-term care.”

**Financial troubles**

With the institution on its way to posting $5 million in losses in 1997, county officials decided to transfer the operations of the hospital to the for-profit company. Outsourcing management of a facility plagued by repair and care issues and other headaches appealed to county officials.

In the years since, the county has repeatedly clashed with the management company over reimbursements, equipment and other elements of the contract, resulting in expensive and protracted litigation. The BCIA and the company, for example, reached a settlement in 2011 over Medicaid reimbursements, requiring the county to pay the hospital $3 million.

Hospice executives say they have dramatically changed the quality of the facility and its reputation. “Since taking over management in 1998, BRMC LP has … transformed the facility into one that is constantly advancing quality of care given to patients,” the company reported last year.

Yet financial and quality of care issues continue to concern county officials.

Bergen Regional is an outdated behemoth, with aging buildings that have long exceeded their life expectancy. A psychiatric pavilion is the exception, having been built in the 1980s. Water leaks, heating and cooling breakdowns and electrical disruptions are common, and $80 million in capital improvements are needed, the hospital estimates.

“Nobody on the county side of the equation is happy with the contract as it stands,” said Bergen County Freeholder David Ganz.

“All of the capital repairs that are required by Bergen Regional under the existing contract have to be taken care of by the county,” he said. “We’ve paid millions on those improvements.”

Another fundamental financial question is how much profit the management company nets.

The BCIA guarantees it will pay $9 million a month to the hospital to cover its cash-flow obligations. The agency collects payments from public and private insurers and private payers and then permits the for-profit management company to take any amount in excess of $9 million.

Bergen Regional Medical Center LP, meanwhile, pays the BCIA annual rent — $8.7 million this year, according to the company.

On paper, the operators essentially break even, but that’s only part of the story.

The company’s income before taxes was $36,502 on $254 million in total revenues in 2014, according to an audited financial statement filed with the state, which The Record obtained through an open public records request.

However, the company has multiple subsidiaries that provide a variety of services, which collect millions.

For example, since 2005 Bergen Regional Medical Center LP has paid Solomon Healthcare Group millions in management consulting fees. The companies have common ownership, according to the financial statement. Last year, the fees totaled 5.6 percent of revenues, which netted Solomon at least $11.3 million.

The hospital paid a separate company $1 million per month for IT services. International Information Technology LP has some of the same owners as BRMCLP, the financial statement shows.

“I’m not a fan of for-profit medicine,” said Maron, of Holy Name. “We all have to make money. The difference is we reinvest in health care. The money they make they have to pay their investors. The health care system is too fragile to have money taken out of it.”

While Bergen Regional Medical Center LP officials declined to respond to questions about profits, Weinberg is concerned the company is not required to disclose detailed information about earnings, subsidiaries and other financial data. The hospital received $36.5 million in state charity care subsidies this year, the third-largest in New Jersey.

“We should know how for-profit hospitals are handling millions from Medicare, Medicaid and charity care,” she said.

“How do you make a profit when most of your money comes from Medicaid or subsidies?” Weinberg said. “You do it by cutting nurses, medication or food.”

**Union has concerns**

Members of the Health Professional and Allied Employees, which represent 500 nurses and other staff, have complained about staffing shortages, saying key positions remain vacant for months.

Spokeswoman Jeanne Otersen said the union has requested a meeting with consultants to ensure any future agreement meets HPAE’s staffing plans for optimal care and worker safety. “I think we need a hospital that’s basing its service on what’s needed in our community, not what helps the bottom line,” she said.

Throughout the years, inspections triggered by patient complaints or annual reviews have suggested a pattern of persistent problems at the hospital. Two elderly patients died in February 1999, five days apart, when they pulled out their breathing tubes. The hospital was fined $19,000 and cited for the worst level of deficiency.

“Bergen Regional unfortunately suffers from a historical reputation they have yet to shed,” Maron said.
Although the hospital touts that its long-term care division is fully accredited by the Joint Commission, an honor fewer than 6 percent of facilities can claim—the commission found problems in another area. From April 2014 to March 2015, the hospital had a much higher rate of physical restraint use for adolescents 13 to 17: young people were in restraints for a total of 43 hours. And in August, the Occupational Safety and Health Administration sanctioned the hospital after eight employees were assaulted by patients. The hospital is fighting the citation and the proposed $15,000 fine.

Ganz, the freeholder, said care has improved, “but it’s a long way from perfect. The professionals who work there are indeed professional and they do an outstanding job with limited resources.”

Beyond finding a suitable manager for Bergen Regional, executives from other hospitals as well as mental health experts said county officials should use the next year to assess and improve mental health services in North Jersey.

Community programs offering preventive treatment that could keep people stable are maxed out. There are waits at clinics and for psychiatrists. “If you called my agency and requested a psychiatrist in a non-emergency situation, we probably wouldn’t be able to accommodate you until July,” said Joseph A. Masciandaro, president of Care Plus NJ, a mental health agency serving the county.

The result? The same patients cycle in and out of the emergency room, consuming a large percentage of health care dollars and rarely stabilizing with proper outpatient care or medication. “As a medical community and a community on the whole, we’re not addressing this,” Maron said. “In a bold way, Bergen Regional could take the lead.”

A contract with the company managing Bergen Regional Medical Center is due to expire in March 2017.