



## Hoboken hospital escapes Gov. Christie veto, gets \$11M from N.J.

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By **Jarrett Renshaw/Statehouse Bureau**



File photo

The Hoboken University Medical Center received \$11 million from the state to pay the interest on \$52 million in city-guaranteed bonds that will be retired as part of sale of the hospital.

**HOBOKEN** — When Gov. Chris Christie shredded the Democratic budget this summer — stripping it of millions of dollars for programs to help the needy — he set off a firestorm.

But not every item on the Democratic wish list fell victim to the governor's veto.

Deep inside the 285-page budget was an \$11 million earmark to help Hoboken complete a controversial sale of the city-owned Hoboken University Hospital, whose operator filed for bankruptcy protection on Monday.

"It was one way to breathe life into a hospital that would have otherwise failed," said Mark Albiez, the chief of staff to state Sen. Brian Stack (D-Hudson), one of Christie's Democratic allies who sponsored the allocation in the Senate.

The money will pay the interest on \$52 million in city-guaranteed bonds that will be retired as part of the deal, and it will help drive down the sale price, which is largely based on the size of the outstanding debt.

A spokesman for the governor, Kevin Roberts, declined to say this week whether Christie supported the sale, though he backed the financing because it provides "flexibility as the sale of the hospital moves forward."

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The sale has drawn fire from critics who worry about its impact on the quality of care, and it comes amid an aggressive effort by its backers to win approval.

The prospective buyers bought the Bayonne Medical Center in 2008 and converted it to a for-profit institution. Now, they want to do the same thing in Hoboken.

The State Health Planning Board is scheduled to take testimony and vote on the sale today. A final decision will be made by state Health Commissioner Mary O'Dowd.

Assemblyman Ruben Ramos (D-Hudson) said he sponsored the resolution to secure the \$11 million after he learned the hospital was not receiving state operating subsidies and was concerned that it would be forced to close. When told the money could only be used to pay debt, not operating costs, he said he "was not aware of that."

A few weeks before Christie signed the state budget, Ramos received two \$2,600 contributions from Lakshmi and Latmipathi Garipalli, a Colts Neck couple who had not given him money before. Latmipathi Garipalli is the brother of Vivek Garipalli, a member of the prospective ownership group HUMC Holdco LLC.

Ramos said he did not know the contributors, who live outside Hudson County, or their relationship to the potential buyer. "I assume they like what I am doing in the district," he said.

In a written statement, Vivek Garipalli said the issue is not about politics, but about saving a hospital. "My family is proud of the work I do, and they were eager to support Assemblyman Ramos when I told them he shares that same commitment," he said.

Assemblywoman Joan Quigley (D-Hudson) is a vice president at the Hoboken hospital, where she earned \$153,799 in 2009, according to the most recently available tax returns.

She said she had no involvement in securing the \$11 million. "When it comes to money and the hospital, I step aside," Quigley said.

Bayonne Medical Center, meanwhile, contributed \$25,000 to Reform Jersey Now, an advocacy group with ties to Christie's closest advisers. Records show the group ran TV ads that were critical of two lawmakers pushing for more transparency from for-profit hospitals.

Hoboken Mayor Dawn Zimmer said the sale is crucial.

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"This transaction is a huge win for all of the people of Hoboken," Zimmer said in written statement. "It saves our hospital, which is not able to survive as a stand-alone community hospital."

But critics are wary of Bayonne Medical Center, which, they say, used an aggressive and controversial business strategy to turn a profit last year.

"The Bayonne Medical Center saw termination of nearly all insurance contracts, dramatic increases in the cost of in-patient care and some of the lowest quality of care scores in the county, " said Renée Steinhagen, executive director of the New Jersey Appleseed Public Interest Law Center of New Jersey. "This is not the type of ownership that can ensure Hoboken residents are able to receive quality medical care."

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