

UMDNJ: We need more cash

Monday, December 15, 2008
By THE STAR LEDGER

University Hospital in Newark - frequently the destination for Hudson County's worst trauma victims - said it desperately needs additional state funding to avert a financial meltdown.

Officials at the University of Medicine and Dentistry of New Jersey - which operates the Newark teaching hospital - said continued operating losses could threaten their ability to provide essential services.

While employees and others in the community are now raising concern that the hospital may be on the brink of a shutdown, UMDNJ officials insist closing is not an option being considered. However, they say the state hospital is in crisis.

"The situation has now reached a tipping point requiring intervention," university president William F. Owen Jr. said in a recent e-mail to UMDNJ employees.

Officials with the Corzine administration acknowledge the hospital has financial problems. But they privately expressed annoyance over what they said was the university's efforts to raise the stakes by appealing directly to some lawmakers about the issue through overheated rhetoric.

Two officials aware of the efforts to pull together additional financing for University Hospital, who did not want to be identified because the matter is under negotiation, said Owen has been told Gov. Jon Corzine would not allow a shutdown or even threats of one.

University Hospital, which has 519 beds and more than 3,000 employees, has been operating in the red for some time and earlier this year, the threat of layoffs and program cuts were raised.

At issue are two long term debt issues totaling \$130 million that need to be refinanced, and millions in operating losses from the hospital itself.

University Hospital's operating loss for the past fiscal year was \$57.2 million and for the first three months of the current fiscal year through September, the hospital's operating loss was already \$8.4 million. Officials said current projections indicate that operating losses through the end of the fiscal year hit \$23 million.

The state-run institution - a designated Level I trauma center - is the largest provider of uncompensated care in the state.

"We've provided University Hospital with approximately \$150 million over the past seven years," said UMDNJ spokesman Gerald Carey. "This level of support is unsustainable."

Owen, in his e-mail, noted that nearly three-quarters of the hospital's patients are charity care, uninsured, covered under Medicaid/ Medicaid HMO or self-pay.

Last year, the hospital provided \$110 million in charity care, while receiving \$89.3 million in state charity funds. It is the state's largest provider of charity care services.