

# TO THE RESCUE



PAMELA SUCHY JOURNAL PHOTO

**UP TO THE TASK:** Jeffrey Mandler, Vivek Garipalli and James Lawler are the three principals of IJG, which would like to buy the struggling Bayonne Medical Center.

## Company says it can make BMC profitable

By **PAUL KOEPP**  
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Vivek Garipalli is a man with a plan to save the Bayonne Medical Center.

IJG, the company he set up to acquire BMC, has agreed to assume \$17.5 million of BMC's \$18.8 million debt and pay off the remaining \$1.3 million.

Garipalli, 29, said Friday the hospital has been losing about \$25 million a year and his plan could improve cash flow by up to \$29 million a year. He said that even with conservative projections, BMC could break even within six months of an IJG takeover.

Garipalli hopes to nearly double the number of beds that are filled daily, from 120 to 220. He also wants to create savings in several ways, such as reducing patients' average length of stay, pressing for full payments from insurance companies and contracting with outside companies to provide some services.

"These things are not leaps of faith. If you know what you're doing, you can go in and fix them," he said. Garipalli and his team went into the hospital yesterday to start putting their plan in place.

According to Garipalli, one subsidiary of IJG would operate the hospital and another would own its real estate. He said he received signed commitments six weeks ago — when IJG's previous BMC offer was pending — from 30 physicians to invest in the hospital's property, although they are not allowed to invest in the hospital itself.

"They have a plan, and it will require focus and a concerted, aggressive approach," said hospital president and CEO Dan Kane.

For example, he said, the BMC psychiatric unit now loses \$750,000 a year, while IJG says it could turn a surplus of \$150,000 a year.

But even after the acquisition was approved by a judge in bankruptcy court Thursday,

several things must fall in place to keep the hospital open.

The hospital must secure \$8.5 million by Nov. 27 for the deal to remain viable: a \$2.5 million loan from the state Health Care Facilities Financing Authority and \$6 million from the city. BMC has \$4 million in the bank now, enough to carry it through the rest of the month.

HCCFA official Mark Hopkins warned in court Thursday that bonds for the \$2.5 million loan may not be marketable because IJG is an unproven entity taking over a facility with a history of financial problems. The city has pledged to provide the \$6 million if the state loan is approved.

IJG has already made a \$200,000 deposit toward the acquisition. With a loan against future BMC revenues and contributions from investors — including \$4.3 million from Colonial Parking in exchange for the rights to

## Hopes feds will cut bill

Bayonne Medical Center owes the federal government roughly \$40 million for overcharging Medicare, starting in the mid-1990s, hospital officials confirmed, but Vivek Garipalli doesn't see it as an obstacle in his bid to buy the hospital.

Garipalli's company, IJG, could avoid liability by obtaining a new Medicare provider number, but that would take too long, Garipalli said. He said his firm is negotiating a greatly reduced settlement with the Department of Justice.

— PAUL KOEPP

operate the hospital's parking garage — the firm should have \$3 million cash in hand when the deal closes, Garipalli said.