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Contact: Joan Quigley
HHI Press Contact
(201) 418-2032

HUDSON HEALTHCARE, INC FILES FOR CHAPTER ELEVEN BANKRUPTCY

-- Manager of Hoboken University Medical Center Initiates Bankruptcy Proceeding to Facilitate Sale of Hospital to HUMC Holdco LLC --

HOBOKEN, NJ, August 1, 2011 -- Hudson Healthcare, Inc. (HHI), the not-for-profit manager and operator of Hoboken University Medical Center (HUMC) since 2007, filed today for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code to ensure HUMC's ability to continue operating until completion of the sale of the hospital to HUMC Holdco LLC, an entity sharing common ownership with Bayonne Medical Center. The transfer of ownership is expected to occur in mid-to-late September 2011 upon final approval from the State Health Commissioner for New Jersey.

"It is extremely important that the community, our patients and our employees understand that this move by HHI does not mean the hospital is closing," says Vincent Riccitelli, HUMC's acting Chief Executive Officer (CEO) and CEO of HHI. "HHI's bankruptcy filing is a constructive step toward completion of the sale of HUMC and the eventual wind-down of HHI. Assuming the transfer occurs as planned, it will benefit all stakeholders, promote public health and safety, maximize value for all creditors and smoothly transition operations to the new ownership group."

Riccitelli adds that employees and patients need to know that "it will be business as usual at HUMC, with no interruptions in patient services and no impact on hospital employees or medical staff during this transitional period. This is just another procedural step toward consummation of a transaction that will save the hospital and maintain it to serve Hoboken residents for years to come."

On July 21, the State Health Planning Board held a public hearing in Hoboken to allow city residents to comment regarding the Certificate of Need application submitted to the Department of Health and Senior Services for the transfer of ownership of Hoboken University Medical Center to HUMC Holdco. The session attracted more than 200 residents -- with the vast majority expressing support for the transaction.

Approval for a hospital's "change of ownership" in New Jersey is a comprehensive process requiring the Commissioner of Health and Senior Services to issue a Certificate of Need. The State Health Planning Board must hold a public hearing in the hospital's service area, consider the Certificate of Need application at an open public session, and then make a recommendation to the Commissioner. That ruling is anticipated later this month.

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