Secaucus for failing to pay at least $4.4 million in taxes it withheld from employee paychecks -- a serious violation that can lead to civil and criminal charges.

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March 30 — The federal government has cited Meadowlands Hospital Medical Center in Secaucus, New Jersey for failing to pay at least $4.4 million in taxes it withheld from employee paychecks — a serious violation that can lead to civil and criminal charges.

A $2.9 million lien filed by the Internal Revenue Service last month — the second in six months — is a sign of mounting financial difficulties at the for-profit hospital, one that comes as state labor authorities confirmed on Thursday they are investigating complaints that employee paychecks have bounced.

In addition, the hospital's owner, MHA LLC, recently sold the land beneath the hospital to a real-estate investment company that was previously indicted for allegedly dumping raw sewage in the Hackensack River from a hotel property that it owns nearby.

The $18 million cash sale of the land in December — accompanied by a 98-year leaseback for undisclosed terms — came just two years after MHA paid $15 million to buy the hospital from its non-profit owner.

It's unclear whether MHA spent that money on hospital improvements, loan repayment or distributions to investors because the state Department of Health does not oversee such transactions. In fact, the state has had trouble getting information that the hospital is legally required to provide. The hospital was fined $6,000 on Tuesday, on top of an initial $6,000 fine it paid last month, for failing to file an audited financial report that was due last June and is still missing.

These and other concerns prompted the state's largest nurses union, which

A spokesman for the hospital, Bill Maer, said on Thursday that the tax liens "have been paid or are scheduled to be paid imminently." He called the disclosures "another unbridled and recklessly false union attack on this hospital, which has some of the highest documented patient care and satisfaction scores in the region. … We see no public purpose in responding to contrived questions and false scenarios."

Maer credited MHA with engineering a "storied turnaround" at the hospital. In its first full year of for-profit operation, it reported a $9 million profit, compared with a $10.4 million operating loss in 2010, allowing investors to recoup $8 million they had invested to purchase the hospital a year earlier.

But state Sen. Loretta Weinberg, D-Teaneck, who joined union representatives in a conference call on Thursday afternoon, cited the hospital's financial difficulties when she called for a state manager.

"I'd like to see the state Health Department live up to its responsibility here," she said

Joseph Vitale, D-Woodbridge, chairman of the state Senate Health Committee, fears the hospital's financial problems may force it to close.

"At almost every turn, they've acted unethically, improperly and potentially illegally," he said. "In 16 years on the Health Committee, I've never seen a hospital run in this manner."

The appointment of a manager "is one of the options that's under review," said Donna Leusner, a spokeswoman for the state Health Department.

Department officials, who regularly attend the hospital's board meetings, met with Meadowlands executives on Monday to discuss the missing financial reports and other issues. State, hospital and union officials are scheduled to meet next week.

Situated on Meadowlands Parkway, the hospital serves patients in Hudson, southern

who has let his New Jersey medical license lapse and owns interests in several pain-management practices and ambulatory surgery centers. Other owners include Tamara Dunaev, Pavel Pogodin and Anastasia Burlyuk, records show.

Meadowlands' sale to MHA is part of a trend toward for-profit hospital ownership in New Jersey, where hospitals historically have been tax-exempt charitable institutions. Some, like Meadowlands and the Bayonne Medical Center, are now owned by groups of private investors. Others, like HackensackUMC at Pascack Valley in Westwood, are joint ventures by an investment partner and a not-for-profit hospital. Still others, like St. Mary's Hospital in Passaic, are in the process of being sold to out-of-state hospital chains.

These new buyers see potential for profit in the millions of dollars flowing through even the most distressed institutions, more than half of it from publicly funded programs like Medicare, Medicaid and charity care.

But the for-profit takeovers raise questions about how the profit motive affects the cost and quality of care, as well as access to needed services.

Lawmakers have questioned the strategies used to maximize profits, including refusal to participate in managed-care networks so patients are billed at out-of-network rates. Hundreds of patients covered by Aetna, for example, were billed by Meadowlands for care that they thought was covered at in-network rates, with some receiving bills for thousands of dollars.MHA, for its part, has had an "unprecedented surge in quality-care and patient-safety performance," Maer said. It added new services and bought tens of millions of dollars of new equipment.

Secaucus Mayor Michael Gonnelli praised the hospital's management for providing in-town bus service to residents, meals for homebound seniors and ambulance services that save the town about $1 million annually. The hospital is current on its

Two tax liens against MHA filed by the IRS total $4.4 million, records show.

A $1.5 million lien in August was for the failure to file federal payroll taxes for two quarters ended March 31, 2012, and unemployment taxes for the last quarter of 2011. A $2.9 million lien earlier this month was for failure to file payroll taxes for the second and third quarters of 2012.

A spokesman for the IRS said he could not comment on the liens.

The hospital — and its executives and possibly even board members — could face federal and state criminal and civil penalties, experts said.

"The government looks at payroll withholding as holding this money in trust," said Daniel Ritson, a Hackensack labor lawyer. "When those amounts aren't passed over to the government, they treat it very seriously. It can lead to civil and criminal liability."

The hospital's failure to pay federal taxes "should be a wake-up call to a lot of people," said a former chief financial officer for a Bergen County hospital. "There's no wiggle room here. Pay those payroll taxes or go to jail."

Aside from the tax payments, there have been problems with funds to cover wages, employees said.

The state Labor Department "is investigating possible bounced checks and incorrect deductions," said a spokeswoman, Kerri H. Gatling.

If MHA defaults on its rent or goes bankrupt, Vitale said, the Canadian real-estate investors who own the land — an affiliate of RosDev Group of Montreal — could demolish the hospital and build a mall. That company's ownership of an adjacent hotel property heightened his concern, he said.

In March 2010, a related company that owned the Crowne Plaza hotel paid $75,000

hospital sale. But Weinberg, a member of the Senate Health Committee, said the state should take a closer look.

“The Health Department seems to be looking for a way out of being involved, rather than looking for a way to provide accountability on behalf of all of our residents,” she said.

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