

CHAPTER 330

AN ACT concerning hospital charity care, amending P.L.2004, c.113 and the Fiscal Year 2022 annual appropriations act, P.L.2021, c.133, and making an appropriation .

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. Section 3 of P.L.2004, c.113 (C.26:2H-18.59i) is amended to read as follows:

C.26:2H-18.59i Reimbursed documented charity care; charity care subsidy formula after July 1, 2004.

3. a. Beginning July 1, 2004 and each year thereafter:

(1) Reimbursed documented charity care shall be equal to the Medicaid-priced amounts of charity care claims submitted to the Department of Health for the most recent calendar year, adjusted, as necessary, to reflect the annual audit results. These amounts shall be augmented to reflect payments to hospitals by the Medicaid program for Graduate Medical Education and Indirect Medical Education based on the most recent Graduate Medical Education and Indirect Medical Education formulas utilized by the federal Medicare program.

(2) Hospital-specific reimbursed documented charity care shall be equal to the Medicaid-priced dollar amount of charity care provided by a hospital as submitted to the Department of Health for the most recent calendar year. A sample of the claims submitted by the hospital to the department shall be subject to an annual audit conducted pursuant to applicable charity care eligibility criteria.

b. Beginning July 1, 2004 and each year thereafter, the charity care subsidy shall be determined according to the following methodology:

(1) Each hospital shall be ranked in order of its hospital-specific, relative charity care percentage, or RCCP, by dividing the amount of hospital-specific gross revenue for charity care patients by the hospital's total gross revenue for all patients.

(2) The 10 hospitals with the highest RCCPs shall receive a charity care payment equal to 96 percent of each hospital's hospital-specific reimbursed documented charity care. The hospital ranked number 11 shall receive a charity care payment equal to 94 percent of its hospital-specific reimbursed documented charity care, and each hospital ranked number 12 and below shall receive two percentage points less than the hospital ranked immediately above that hospital.

(3) Notwithstanding the provisions of paragraph (2) of this subsection to the contrary, each of the hospitals located in the 10 municipalities in the State with the lowest median annual household income according to the most recent census data, shall be ranked from the hospital with the highest hospital-specific reimbursed documented charity care to the hospital with the lowest hospital-specific reimbursed documented charity care. The hospital in each of the 10 municipalities, if any, with the highest documented hospital-specific charity care shall receive a charity care payment equal to 96 percent of its hospital-specific reimbursed documented charity care.

(4) Notwithstanding the provisions of this subsection to the contrary, no hospital shall receive reimbursement for less than 43 percent of its hospital-specific reimbursed documented charity care.

c. To ensure that charity care subsidy payments remain viable and appropriate, the State shall maintain the charity care subsidy at an amount not less than 75 percent of the Medicaid-priced amounts of charity care provided by hospitals in the State. In addition, these amounts shall be augmented to reflect payments to hospitals by the Medicaid program for Graduate

Medical Education and Indirect Medical Education based on the most recent Graduate Medical Education and Indirect Medical Education formulas utilized by the federal Medicare program.

d. Notwithstanding any other provisions of this section to the contrary, in the event that the change from the charity care subsidy formula in effect for fiscal year 2004 to the formula established pursuant to this section in effect for fiscal year 2005, reduces, for any reason, the amount of the charity care subsidy payment to a hospital below the amount that the hospital received under the formula in effect in fiscal year 2004, the hospital shall receive a payment equal to the amount it would have received under the formula in effect for fiscal year 2004.

e. The Legislature finds and declares that it is the intent of Legislature to provide that the provisions of P.L.2021, c.330, which increases by one the number of hospitals eligible for a charity care payment equal to 96 percent of the hospital's hospital-specific reimbursed documented charity care, shall apply to the newly eligible hospital's State fiscal year 2022 charity care payment. Any State fiscal year 2022 charity care payment change resulting from this formula modification shall be issued, as soon as practicable, in the form of a supplemental payment to each impacted hospital.

2. Section 1 of the Fiscal Year 2022 annual appropriations act, P.L.2021, c.133, is amended to read as follows:

1. Notwithstanding the provisions of section 3 of P.L.2004, c.113 (C.26:2H-18.59i) or any law or regulation to the contrary, the appropriation for Health Care Subsidy Fund Payments is subject to the following conditions: the distribution of Charity Care funding shall be calculated in the following manner: (a) source data for the most recent census data shall be from the 2019 5-Year American Community Survey; (b) source data used shall be from calendar year (CY) 2019 for documented charity care claims data and hospital-specific gross revenue for charity care patients and shall include all adjustments and void claims related to CY 2019 and any prior year submitted claims, as submitted by each acute care hospital or determined by the Department of Health (DOH); (c) source data used for CY 2019 documented charity care for each hospital's total gross revenue for all patients shall be from the CY 2019 audited Acute Care Hospital Cost Report as defined by Form E4, Line 1, Column E data and shall be according to the DOH due date of August 31, 2020, as submitted by January 31, 2021 by each acute care hospital and audited by March 1, 2021; (d) source data used for CY 2019 documented charity care shall be from CY 2019 Medicaid Cost Report submitted by each acute care hospital by February 14, 2021; (e) in the event that an eligible hospital failed to submit the CY 2019 Acute Care Hospital Cost Report, source data from their CY 2018 Acute Care Hospital Cost Report shall be used for hospital-specific gross revenue for charity care patients and for hospital total gross revenue for all patients as defined by Form E4, Line 1, Column E; (f) in the event that an eligible hospital failed to submit a full year CY 2019 Acute Care Hospital Cost Report, source data from a supplemental 2019 Acute Care Hospital Cost Report shall be used for hospital-specific gross revenue for charity care patients and for hospital total gross revenue for all patients as defined by Form E4, Line 1, Column E; (g) for each eligible hospital, except those designated 96 % by their hospital-specific reimbursed documented charity care upon the enactment of P.L.2021, c.133 and pursuant to paragraph 2 of subsection b. of section 3 of P.L.2004, c.113 (C.26:2H-18.59i), as amended by section 1 of P.L.2021, c.330, a proportionate decrease shall be applied to its calculated subsidy based on its percentage of total subsidy such that the total calculated subsidy for all hospitals shall equal \$349,000,000; and (h) the resulting value will constitute each eligible hospital's SFY 2022 charity care subsidy allocation.

3. There is appropriated from the General Fund to the Health Care Subsidy Fund the sum of \$30,000,000 for the Department of Health to provide a State fiscal year 2022 charity care payment equal to 96 percent of the hospital's hospital-specific reimbursed documented charity care to the hospital newly determined under section 1 of P.L.2021, c.330 (C.26:2H-18.59i) to be eligible for such a payment. Any funds appropriated pursuant to this section that are not allocated for the purpose stated above shall be allocated from the Health Care Subsidy Fund, on a prorated basis, to all eligible hospitals receiving charity care payments in State fiscal year 2022 of less than 96 percent of the hospital's hospital-specific reimbursed documented charity care. Funds appropriated pursuant to this section to each eligible hospital receiving charity care payments in State fiscal year 2022 of less than 96 percent of the hospital's hospital-specific reimbursed documented charity care shall be issued, as soon as practicable, in the form of a supplemental payment to each impacted hospital.

4. This act shall take effect immediately.

Approved December 21, 2021.