

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

## ASSEMBLY, No. 3979

with committee amendments

# STATE OF NEW JERSEY

DATED: JUNE 19, 2025

The Assembly Appropriations Committee reports favorably and with committee amendments Assembly Bill No. 3979 (1R).

As amended by this committee, this bill requires any department, agency, bureau, board, commission, authority, or other entity of the State, or of any county or municipality, that provides State funds to providers, or licenses or certifies any provider that accepts client referrals from a State-funded entity, to assess the provider for conflicts of interest that could impede the provider's ability to deliver treatment, services, or supports for substance or alcohol use disorder prior to the distribution of State funds or the approval of any applicable licensures or certifications. Under the bill, "provider" means a health care professional, facility, or program licensed or certified in the State, or applying for licensure or certification in the State, to provide substance use disorder or alcohol use disorder treatment, services, or supports.

A conflict of interest assessment is required to include, at a minimum, a review of the following information submitted by the provider to the reviewing entity: 1) a financial statement itemizing annual revenues, expenditures, and profits; 2) a list of all board members, including each board member's profession and employer; 3) a list of all stakeholders, investors, owners, or any other individuals or entities that hold a financial interest in the provider; 4) a list of all stakeholders, investors, owners, or any other individuals or entities that hold a financial interest in the provider and that have a financial interest in a secondary entity and the name of the secondary entity; 5) a list of all staff members, indicating each member's title and job duties; and 6) a list of any staff members who hold outside employment, the name of the staff member's outside employer, and the staff member's responsibilities under that outside position. A reviewing entity is not required to administer a conflict of interest assessment on the same provider more frequently than once every 365 days, except as otherwise provided in subsection e. of the bill.

If, upon review of the information submitted by the provider, the reviewing entity determines that a conflict of interest exists, the reviewing entity is to notify the provider, in writing, of the

determination, along with: 1) a description of the conflict of interest and how the conflict can be remedied; and 2) a statement that the provider will be ineligible to receive State funds, or licensure or certification approval, from the reviewing entity, and that any application for State funds submitted to the reviewing entity will be held unless the provider remedies the conflict within 90 days.

Upon receipt of documentation from the provider that the conflict of interest has been remedied, the reviewing entity is to immediately: 1) distribute to the provider any State funds that the provider is otherwise eligible to receive; 2) withdraw any hold placed on an application for State funds, as submitted by the provider, and process that application according to the existing eligibility guidelines for that application; and 3) provide any certification or licensure to the provider that the provider is otherwise eligible to receive.

After the provider has remedied the identified conflict of interest, the reviewing entity will be required to reassess the provider for conflicts of interest twice in the next calendar year, once in the second calendar year, and once in the third calendar year.

#### COMMITTEE AMENDMENTS:

The committee amendments:

- 1) revise the definition of “conflict of interest”;
- 2) make all sections of the bill subject to subsection f. of section 1;
- 3) create a 90 day time period to remedy a conflict of interest;
- 4) permit the adoption of rules and regulations;
- 5) make a cross-reference to subsection e.; and
- 6) make a technical change involving numbering.

#### FISCAL IMPACT:

The Office of Legislative Services (OLS) concludes that this bill would have indeterminate countervailing effects on State expenditures. First, annual State costs would increase, primarily in the form of salary and benefits expenditures, in order to assess certain providers of substance use disorder or alcohol use disorder treatment, services, and supports for conflicts of interest, at least once every 365 days and as described under the bill. Conversely, State costs would decrease as certain existing providers with a conflict of interest identified during these assessments would be ineligible to receive State funds under the bill until such conflicts are remedied.

To the extent that the bill’s provisions apply to local entities, local costs would increase as well.