

SENATE HEALTH, HUMAN SERVICES AND SENIOR CITIZENS COMMITTEE

STATEMENT TO **SENATE, No. 4291**

with committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 5, 2026

The Senate Health, Human Services and Senior Citizens Committee reports favorably and with committee amendments Senate Bill No. 4291.

As amended by the committee, this bill establishes a procedure for the Superior Court to appoint a receiver to administer a hospital that has closed or is in imminent threat of closure.

Under current law, N.J.S.A.26:2H-5.1a and 26:2H-5.1b, if the Commissioner of Health (commissioner) determines that a hospital is in financial distress, the commissioner may appoint a monitor to assist in resolving the financial difficulties. Current law also allows the commissioner, under N.J.S.A.26:2H-18.77, to award State grants to a hospital where extraordinary circumstances threaten access to essential health services for residents in a community. Furthermore, under N.J.A.C.8:33-3.2 of the Department of Health (department) regulations, a hospital undergoing voluntary closure must apply for a certificate of need (CN), which must be approved by the department.

Under the bill, if a hospital closes without going through the CN process, or if a hospital is in imminent threat of closure but has not applied for a CN, the department, the Attorney General, or the municipality in which the hospital is located may file an action in the Superior Court for the appointment of a receiver to maintain hospital operations. An action filed pursuant to the bill is required to set forth the facts concerning the hospital's closure, certify that the owners of the hospital have been notified but either have not restored services or have not complied with the CN process, and set forth a description of what is necessary to keep the hospital open. It is an affirmative defense that the hospital owner has in fact filed an application for a CN, and has restored services pending further action by the department.

Under the bill, if a receiver is appointed, the receiver may immediately assume all administrative control directly, or allow the hospital's existing administration to continue to function. The receiver will be empowered to exercise all powers necessary and appropriate to maintain hospital function and patient care, and to implement the

orders of the court. The bill provides that the receiver is to be a person approved by the department, except that the person, or a family member of such a person, cannot hold a financial interest in the hospital. Finally, the bill provides for the receiver to obtain reasonable compensation from hospital revenues and may require the receiver to furnish a bond.

COMMITTEE AMENDMENTS:

The committee amendments clarify that a civil action brought pursuant to the bill is to be heard within three calendar days of the filing of such an action.

The committee amendments provide a receiver appointed pursuant to this bill will file all inventories and reports as required by and in accordance with the Rules of Court.

The committee amendments specify certain circumstances in which a receivership may be terminated under the bill.

The amendments make technical changes concerning capitalization and formatting.