

LEGISLATIVE FISCAL ESTIMATE

SENATE, No. 4408

STATE OF NEW JERSEY

222nd LEGISLATURE

DATED: JULY 1, 2026

SUMMARY

- Synopsis:** Creates voluntary pilot program to allow certain facilities flexibility in their psychiatric bed status.
- Type of Impact:** Time-limited State expenditure increase and revenue decrease; time-limited potential expenditure decrease for University Hospital and Bergen New Bridge Medical Center.
- Agencies Affected:** Department of Health, University Hospital, Bergen New Bridge Medical Center.

Office of Legislative Services Estimate

Time-Limited Fiscal Impact	
State Expenditure Increase	Indeterminate
State Revenue Decrease	Indeterminate
Potential University Hospital, Bergen New Bridge Medical Center Cost Savings	Indeterminate

- The Office of Legislative Services (OLS) determines that the Department of Health would incur additional administrative costs to develop and issue a survey to all facilities that participated in the pilot program established under the bill, and compile the survey results and recommendations concerning the continuation of the pilot program into a report for the Governor and the Legislature.
- The magnitude of the department’s increased administrative costs will largely depend on the number of general hospitals, psychiatric facilities, or special psychiatric hospitals that participate in the pilot.
- State revenues, in the form of licensure and certificate of need fees paid by hospitals and psychiatric facilities for departmental reviews, will decrease under the bill, albeit by an indeterminate amount. Because the OLS cannot anticipate the number of hospitals and psychiatric facilities that may temporarily convert adult acute psychiatric beds to adult closed acute psychiatric beds for involuntarily committed patients, the office lacks the informational basis to determine the magnitude of the revenue decrease.

- To the extent that University Hospital, an independent non-profit legal entity that is an instrumentality of the State located in Newark; and Bergen New Bridge Medical Center (formerly the Bergen Regional Medical Center), a county-owned entity in Paramus, are able to temporarily utilize adult acute psychiatric beds as adult closed acute psychiatric beds without paying the requisite Certificate of Need and licensure fees to the department, both facilities may realize an indeterminate amount of cost savings.

BILL DESCRIPTION

The bill creates a voluntary pilot program to allow licensed inpatient psychiatric facilities to temporarily use existing adult acute psychiatric beds as adult closed acute psychiatric beds. The use of such beds would not constitute a change in the facility's licensed bed capacity, require approval by the Department of Health, or require a change to the facility's licensure status. The program would run for 24 months, but the Commissioner of Health may recommend legislative action to extend or make permanent the program. A list of participating facilities would be published on the department's Internet website for the duration of the pilot program.

This bill also requires each participating facility to submit a quarterly report to the department, detailing: (1) the patient type for whom the flexibility was temporarily utilized; (2) the duration of the utilization; and (3) the number of instances in which a psychiatric inpatient bed was converted. The reports are required to be made public within 60 days of submission to the department. Within 90 days of the end of the pilot program, the commissioner would be required to submit a report to the Governor and the Legislature regarding the pilot program and whether the program should be continued or made permanent.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS determines that the Department of Health would incur marginal administrative costs to develop and issue a survey to all facilities that participated in the pilot program established under the bill, and compile the survey results and recommendations concerning the continuation of the pilot program into a report for the Governor and the Legislature. The magnitude of the department's increased administrative costs will largely depend on the number of general hospitals, psychiatric facilities, or special psychiatric hospitals that participate in the pilot.

The OLS concludes that the department will utilize existing resources to promulgate regulations governing the pilot program, review the quarterly reports submitted by each participating facility concerning the circumstances under which the facility temporarily used adult acute psychiatric beds as adult closed acute psychiatric beds, and to publish a list of participating facilities on the department's website for the duration of the pilot program.

State revenues, in the form of fees paid by the hospitals and psychiatric facilities for departmental certificate of need reviews, will decrease under the bill, albeit by an indeterminate amount. Because the OLS cannot anticipate the number of hospitals and psychiatric facilities that

may temporarily convert adult acute psychiatric beds to adult closed acute psychiatric beds for involuntarily committed patients, the office lacks the informational basis to determine the magnitude of the revenue decrease.

Currently, general hospitals, psychiatric facilities, and special psychiatric hospitals are required to submit both a license amendment and a certificate of need application, and the related fees, to the department in order to change the facility's licensed bed capacity by adding new closed adult psychiatric beds. Facilities seeking to temporarily add adult acute closed psychiatric beds are required to apply for a temporary license from the department, at a cost of \$3,000, and apply for an Expedited Certificate of Need Review from the department, at a cost of \$7,500.

To the extent that University Hospital, an independent non-profit legal entity that is an instrumentality of the State located in Newark; and Bergen New Bridge Medical Center (formerly the Bergen Regional Medical Center), a county-owned entity in Paramus, are able to temporarily utilize adult acute psychiatric beds as adult closed acute psychiatric beds without paying the requisite Certificate of Need and licensure fees to the department, both facilities may realize marginal savings.

Section: Human Services

*Analyst: Anne Cappabianca
Senior Fiscal Analyst*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).