

P.L. 2021, CHAPTER 330, *approved December 21, 2021*
Assembly, No. 6072 (*Second Reprint*)

1 AN ACT concerning hospital charity care ¹~~and~~ ¹,¹ amending
2 P.L.2004, c.113 ¹and the Fiscal Year 2022 annual appropriations
3 act, P.L.2021, c.133, and making an appropriation¹ .
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
7

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

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

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

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

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

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

33 (2) The ~~nine~~ 10 hospitals with the highest RCCPs shall
34 receive a charity care payment equal to ~~96~~¹~~%~~ percent of each
35 hospital's hospital-specific reimbursed documented charity care.
36 The hospital ranked number ~~10~~ 11 shall receive a charity care
37 payment equal to ~~94~~²~~%~~ percent of its hospital-specific reimbursed
38 documented charity care, and each hospital ranked number ~~11~~ 12

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AHE committee amendments adopted December 6, 2021.

²Assembly floor amendments adopted December 20, 2021.

1 and below shall receive two percentage points less than the hospital
2 ranked immediately above that hospital.

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

14 (4) Notwithstanding the provisions of this subsection to the
15 contrary, no hospital shall receive reimbursement for less than
16 43~~[%]~~ percent of its hospital-specific reimbursed documented
17 charity care.

18 c. To ensure that charity care subsidy payments remain viable
19 and appropriate, the State shall maintain the charity care subsidy at
20 an amount not less than 75~~[%]~~ percent of the Medicaid-priced
21 amounts of charity care provided by hospitals in the State. In
22 addition, these amounts shall be augmented to reflect payments to
23 hospitals by the Medicaid program for Graduate Medical Education
24 and Indirect Medical Education based on the most recent Graduate
25 Medical Education and Indirect Medical Education formulas
26 utilized by the federal Medicare program.

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

36 ¹e. The Legislature finds and declares that it is the intent of
37 Legislature to provide that the provisions of P.L. , c. (C.)
38 (pending before the Legislature as this bill), which increases by one
39 the number of hospitals eligible for a charity care payment equal to
40 96 percent of the hospital's hospital-specific reimbursed
41 documented charity care, shall ²[be retroactive to July 1, 2021 and
42 shall]² apply to the newly eligible hospital's State fiscal year 2022
43 charity care payment.¹ ²Any State fiscal year 2022 charity care
44 payment change resulting from this formula modification shall be
45 issued, as soon as practicable, in the form of a supplemental
46 payment to each impacted hospital.²

47 (cf: P.L.2012, c.17, s.229)

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

3 1. Notwithstanding the provisions of section 3 of P.L.2004,
4 c.113 (C.26:2H-18.59i) or any law or regulation to the contrary, the
5 appropriation for Health Care Subsidy Fund Payments is subject to
6 the following conditions: the distribution of Charity Care funding
7 shall be calculated in the following manner: (a) source data for the
8 most recent census data shall be from the 2019 5-Year American
9 Community Survey; (b) source data used shall be from calendar
10 year (CY) 2019 for documented charity care claims data and
11 hospital-specific gross revenue for charity care patients and shall
12 include all adjustments and void claims related to CY 2019 and any
13 prior year submitted claims, as submitted by each acute care
14 hospital or determined by the Department of Health (DOH); (c)
15 source data used for CY 2019 documented charity care for each
16 hospital's total gross revenue for all patients shall be from the CY
17 2019 audited Acute Care Hospital Cost Report as defined by Form
18 E4, Line 1, Column E data and shall be according to the DOH due
19 date of August 31, 2020, as submitted by January 31, 2021 by each
20 acute care hospital and audited by March 1, 2021; (d) source data
21 used for CY 2019 documented charity care shall be from CY 2019
22 Medicaid Cost Report submitted by each acute care hospital by
23 February 14, 2021; (e) in the event that an eligible hospital failed to
24 submit the CY 2019 Acute Care Hospital Cost Report, source data
25 from their CY 2018 Acute Care Hospital Cost Report shall be used
26 for hospital-specific gross revenue for charity care patients and for
27 hospital total gross revenue for all patients as defined by Form E4,
28 Line 1, Column E; (f) in the event that an eligible hospital failed to
29 submit a full year CY 2019 Acute Care Hospital Cost Report,
30 source data from a supplemental 2019 Acute Care Hospital Cost
31 Report shall be used for hospital-specific gross revenue for charity
32 care patients and for hospital total gross revenue for all patients as
33 defined by Form E4, Line 1, Column E; (g) for each eligible
34 hospital, except those designated 96 % by their hospital-specific
35 reimbursed documented charity care upon the enactment of
36 P.L.2021, c.133 and pursuant to paragraph 2 of subsection b. of
37 section 3 of P.L.2004, c.113 (C.26:2H-18.59i), as amended by
38 section 1 of P.L. , c. (pending before the Legislature as this
39 bill), a proportionate decrease shall be applied to its calculated
40 subsidy based on its percentage of total subsidy such that the total
41 calculated subsidy for all hospitals shall equal **[\$319,000,000]**
42 **\$349, 000,000** ; and (h) the resulting value will constitute each
43 eligible hospital's SFY 2022 charity care subsidy allocation.¹
44

45 ¹3. There is appropriated from the General Fund to the Health
46 Care Subsidy Fund the sum of \$30,000,000 for the Department of
47 Health to provide a State fiscal year 2022 charity care payment
48 equal to 96 percent of the hospital's hospital-specific reimbursed

1 documented charity care to the hospital newly determined under
2 section 1 of P.L. , c. (C.) (pending before the Legislature
3 as this bill) to be eligible for such a payment. Any funds
4 appropriated pursuant to this section that are not allocated for the
5 purpose stated above shall be allocated from the Health Care
6 Subsidy Fund, on a prorated basis, to all eligible hospitals receiving
7 charity care payments in State fiscal year 2022 of less than 96
8 percent of the hospital's hospital-specific reimbursed documented
9 charity care.¹ ²Funds appropriated pursuant to this section to each
10 eligible hospital receiving charity care payments in State fiscal year
11 2022 of less than 96 percent of the hospital's hospital-specific
12 reimbursed documented charity care shall be issued, as soon as
13 practicable, in the form of a supplemental payment to each
14 impacted hospital.²
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16 ¹**[2.] 4.** This act shall take effect immediately ²**[¹and apply**
17 **retroactively to July 1, 2021¹]².**
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22 _____
23 Increases number of hospitals eligible for highest amount of charity
care subsidy payment; appropriates \$30 million.