

SENATE, No. 1821

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED FEBRUARY 24, 2020

Sponsored by:

Senator M. TERESA RUIZ

District 29 (Essex)

SYNOPSIS

Revises criteria for payment of charity care to certain hospitals.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning charity care payments to hospitals, and
2 amending P.L.2004, c.113.

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

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

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

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

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

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

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

32 (2) The nine hospitals with the highest RCCPs shall receive a
33 charity care payment equal to 96**[%]** percent of each hospital's
34 hospital-specific reimbursed documented charity care. The hospital
35 ranked number 10 shall receive a charity care payment equal to
36 94**[%]** percent of its hospital-specific reimbursed documented
37 charity care, and each hospital ranked number 11 and below shall
38 receive two percentage points less than the hospital ranked
39 immediately above that hospital.

40 (3) Notwithstanding the provisions of paragraph (2) of this
41 subsection to the contrary, commencing in the fiscal year next
42 following the effective date of P.L. , c. (C.) (pending
43 before the Legislature as this bill), each of the hospitals located in
44 the 10 municipalities in the State with a population of at least
45 20,000 residents with the lowest median annual household income

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.

1 according to the most recent census data, shall be ranked from the
2 hospital with the highest hospital-specific reimbursed documented
3 charity care to the hospital with the lowest hospital-specific
4 reimbursed documented charity care. The top two **[hospital]**
5 hospitals in each of the 10 municipalities, if any, with the highest
6 documented hospital-specific charity care shall receive a charity
7 care payment equal to 96**[%]** percent of **[its]** their hospital-specific
8 reimbursed documented charity care.

9 (4) Notwithstanding the provisions of this subsection to the
10 contrary, no hospital shall receive reimbursement for less than
11 43**[%]** percent of its hospital-specific reimbursed documented
12 charity care.

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

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

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

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33 2. This act shall take effect immediately.

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36 STATEMENT

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38 This bill revises the law concerning the payment of charity care
39 to hospitals, to provide that, commencing in the fiscal year next
40 following the effective date of the bill, the required ranking of
41 hospitals located in the 10 municipalities in the State with the
42 lowest median annual household income according to the most
43 recent census data, from the hospital with the highest hospital-
44 specific reimbursed documented charity care to the hospital with the
45 lowest hospital-specific reimbursed documented charity care, shall
46 only apply to municipalities with a population of at least 20,000
47 residents. Current law does not limit the ranking to cities with a
48 certain population.

1 The bill provides that the top two hospitals in each of these 10
2 municipalities, if any, with the highest documented hospital-
3 specific charity care shall receive a charity care payment equal to
4 96 percent of their hospital-specific reimbursed documented charity
5 care. Current law limits the charity care payment to the top
6 hospital, if any, in each of the 10 municipalities.

7 This bill is not intended to interfere with language in the annual
8 appropriations act that supersedes the statutory formula in order to
9 contain overall program costs.