

[First Reprint]

SENATE, No. 4169

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED NOVEMBER 15, 2021

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District 19 (Middlesex)

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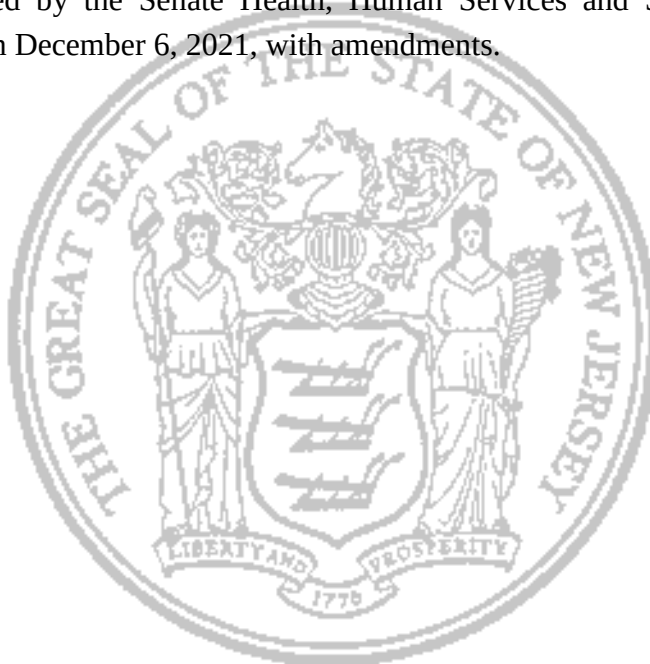
Senator Diegnan

SYNOPSIS

Increases number of hospitals eligible for highest amount of charity care subsidy payment; appropriates \$30 million.

CURRENT VERSION OF TEXT

As reported by the Senate Health, Human Services and Senior Citizens Committee on December 6, 2021, with amendments.



(Sponsorship Updated As Of: 12/2/2021)

1 AN ACT concerning hospital charity care ¹**[and]** 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**[%]** 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**[%]** percent of its hospital-specific reimbursed
 38 documented charity care, and each hospital ranked number **[11]** 12
 39 and below shall receive two percentage points less than the hospital
 40 ranked immediately above that hospital.

41 (3) Notwithstanding the provisions of paragraph (2) of this
 42 subsection to the contrary, each of the hospitals located in the 10
 43 municipalities in the State with the lowest median annual household
 44 income according to the most recent census data, shall be ranked

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:

¹Senate SHH committee amendments adopted December 6, 2021.

1 from the hospital with the highest hospital-specific reimbursed
2 documented charity care to the hospital with the lowest hospital-
3 specific reimbursed documented charity care. The hospital in each
4 of the 10 municipalities, if any, with the highest documented
5 hospital-specific charity care shall receive a charity care payment
6 equal to 96【%】 percent of its hospital-specific reimbursed
7 documented charity care.

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

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

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

30 ¹e. The Legislature finds and declares that it is the intent of
31 Legislature to provide that the provisions of P.L. , c. (C.)
32 (pending before the Legislature as this bill), which increases by one
33 the number of hospitals eligible for a charity care payment equal to
34 96 percent of the hospital's hospital-specific reimbursed
35 documented charity care, shall be retroactive to July 1, 2021 and
36 shall apply to the newly eligible hospital's State fiscal year 2022
37 charity care payment.¹

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

39
40 ¹2. Section 1 of the Fiscal Year 2022 annual appropriations act,
41 P.L.2021, c.133, is amended to read as follows:

42 Notwithstanding the provisions of section 3 of P.L.2004, c.113
43 (C.26:2H-18.59i) or any law or regulation to the contrary, the
44 appropriation for Health Care Subsidy Fund Payments is subject to
45 the following conditions: the distribution of Charity Care funding
46 shall be calculated in the following manner: (a) source data for the
47 most recent census data shall be from the 2019 5-Year American

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

37 ¹3. There is appropriated from the General Fund to the Health
38 Care Subsidy Fund the sum of \$30,000,000 for the Department of
39 Health to provide a State fiscal year 2022 charity care payment
40 equal to 96 percent of the hospital's hospital-specific reimbursed
41 documented charity care to the hospital newly determined under
42 section 1 of P.L. , c. (C.) (pending before the Legislature
43 as this bill) to be eligible for such a payment. Any funds
44 appropriated pursuant to this section that are not allocated for the
45 purpose stated above shall be allocated from the Health Care
46 Subsidy Fund, on a prorated basis, to all eligible hospitals receiving
47 charity care payments in State fiscal year 2022 of less than 96

1 percent of the hospital's hospital-specific reimbursed documented
2 charity care.¹

3

4 ¹**[2.] 4.**¹ This act shall take effect immediately ¹and apply
5 retroactively to July 1, 2021¹ .