

[Second Reprint]  
**SENATE, No. 4169**

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**STATE OF NEW JERSEY**  
**219th LEGISLATURE**

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INTRODUCED NOVEMBER 15, 2021

**Sponsored by:**

**Senator JOSEPH F. VITALE**

**District 19 (Middlesex)**

**Senator BOB SMITH**

**District 17 (Middlesex and Somerset)**

**Co-Sponsored by:**

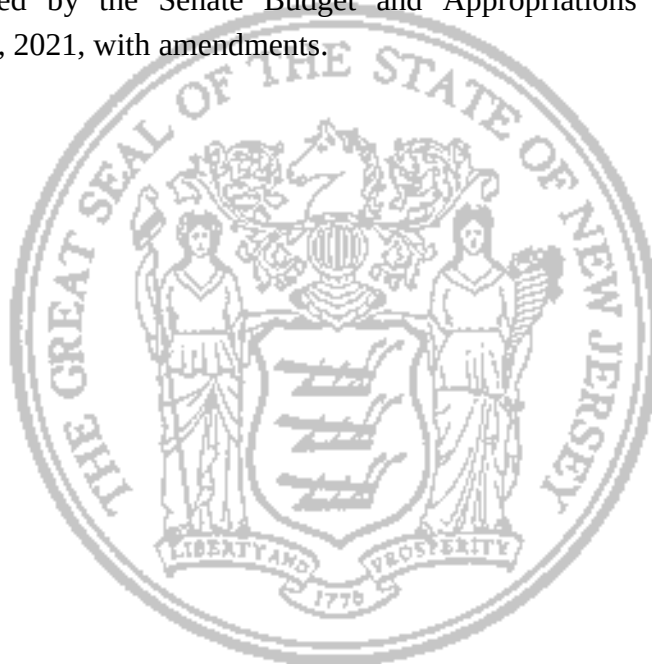
**Senators Diegnan and Turner**

**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 Budget and Appropriations Committee on December 16, 2021, with amendments.



**(Sponsorship Updated As Of: 12/20/2021)**

1 AN ACT concerning hospital charity care <sup>1</sup>**[and]** <sup>1</sup> amending  
 2 P.L.2004, c.113 <sup>1</sup>and the Fiscal Year 2022 annual appropriations  
 3 act, P.L.2021, c.133, and making an appropriation<sup>1</sup> .  
 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:

<sup>1</sup>Senate SHH committee amendments adopted December 6, 2021.

<sup>2</sup>Senate SBA committee amendments adopted December 16, 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 <sup>1</sup>e. 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 <sup>2</sup>【be retroactive to July 1, 2021 and  
36 shall】<sup>2</sup> apply to the newly eligible hospital's State fiscal year 2022  
37 charity care payment.<sup>1</sup> <sup>2</sup>Any State fiscal year 2022 charity care  
38 payment change resulting from this formula modification shall be  
39 issued, as soon as practicable, in the form of a supplemental  
40 payment to each impacted hospital.<sup>2</sup>

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

42  
43 <sup>1</sup>2. Section 1 of the Fiscal Year 2022 annual appropriations act,  
44 P.L.2021, c.133, is amended to read as follows:  
45 Notwithstanding the provisions of section 3 of P.L.2004, c.113  
46 (C.26:2H-18.59i) or any law or regulation to the contrary, the  
47 appropriation for Health Care Subsidy Fund Payments is subject to

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

40 <sup>1</sup>3. There is appropriated from the General Fund to the Health  
41 Care Subsidy Fund the sum of \$30,000,000 for the Department of  
42 Health to provide a State fiscal year 2022 charity care payment  
43 equal to 96 percent of the hospital's hospital-specific reimbursed  
44 documented charity care to the hospital newly determined under  
45 section 1 of P.L. , c. (C. ) (pending before the Legislature  
46 as this bill) to be eligible for such a payment. Any funds  
47 appropriated pursuant to this section that are not allocated for the  
48 purpose stated above shall be allocated from the Health Care

1   Subsidy Fund, on a prorated basis, to all eligible hospitals receiving  
2   charity care payments in State fiscal year 2022 of less than 96  
3   percent of the hospital's hospital-specific reimbursed documented  
4   charity care.<sup>1</sup> <sup>2</sup>Funds appropriated pursuant to this section to each  
5   eligible hospital receiving charity care payments in State fiscal year  
6   2022 of less than 96 percent of the hospital's hospital-specific  
7   reimbursed documented charity care shall be issued, as soon as  
8   practicable, in the form of a supplemental payment to each  
9   impacted hospital.<sup>2</sup>

10

11       <sup>1</sup>**[2.] 4.**<sup>1</sup> This act shall take effect immediately <sup>2</sup>**[<sup>1</sup>and apply**  
12   retroactively to July 1, 2021<sup>1</sup>]<sup>2</sup>.