

[First Reprint]

ASSEMBLY, No. 1690

STATE OF NEW JERSEY
208th LEGISLATURE

INTRODUCED FEBRUARY 19, 1998

Sponsored by:

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District 31 (Hudson)

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SYNOPSIS

Eliminates requirement to establish Statewide managed hospital charity care program and provides for regional or county-based demonstration program.

CURRENT VERSION OF TEXT

As amended on May 7, 1998 by the General Assembly pursuant to the Governor's recommendations.

(Sponsorship Updated As Of: 5/7/1998)

1 AN ACT concerning hospital charity care and amending P.L.1992,
2 c.160 and P.L.1996, c.28.

3

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

6

7 1. Section 8 of P.L.1992, c.160 (C.26:2H-18.58) is amended to
8 read as follows:

9 8. There is established the Health Care Subsidy Fund in the
10 Department of Health and Senior Services.

11 a. The fund shall be comprised of revenues from employee and
12 employer contributions made pursuant to section 29 of P.L.1992,
13 c.160 (C.43:21-7b), revenues from the hospital assessment made
14 pursuant to section 12 of P.L.1992, c.160 (C.26:2H-18.62), revenues
15 pursuant to section 11 of P.L.1996, c.28 (C.26:2H-18.58c), revenues
16 from interest and penalties collected pursuant to this act and revenues
17 from such other sources as the Legislature shall determine. Interest
18 earned on the monies in the fund shall be credited to the fund. The
19 fund shall be a nonlapsing fund dedicated for use by the State to: (1)
20 distribute charity care and other uncompensated care disproportionate
21 share payments to hospitals, and other eligible providers pursuant to
22 section 8 of P.L.1996, c.28 (C.26:2H-18.59f), provide subsidies for
23 the Health Access New Jersey program established pursuant to section
24 15 of P.L.1992, c.160 (C.26:2H-18.65), and provide funding for
25 children's health care coverage pursuant to P.L.1997, c.272 (C.30:4I-1
26 et seq.); and (2) assist hospitals and other health care facilities in the
27 underwriting of innovative and necessary health care services.

28 b. The fund shall be administered by a person appointed by the
29 commissioner.

30 The administrator of the fund is responsible for overseeing and
31 coordinating the collection and reimbursement of fund monies. The
32 administrator is responsible for promptly informing the commissioner
33 if monies are not or are not reasonably expected to be collected or
34 disbursed.

35 c. The commissioner shall adopt rules and regulations to ensure
36 the integrity of the fund, pursuant to the "Administrative Procedure
37 Act," P.L.1968, c.410 (C.52:14B-1 et seq.).

38 d. The administrator shall establish separate accounts for the
39 charity care component of the disproportionate share hospital subsidy,
40 other uncompensated care component of the disproportionate share
41 hospital subsidy, hospital and other health care initiatives funding and
42 the payments for subsidies for insurance premiums to provide care in
43 disproportionate share hospitals, known as the Health Access New

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:

¹ Assembly amendments adopted in accordance with Governor's recommendations May 7, 1998.

1 Jersey subsidy account, respectively.

2 e. In the event that the charity care component of the
3 disproportionate share hospital subsidy account has a surplus in a
4 given year after payments are distributed pursuant to the methodology
5 established in section 13 of P.L.1995, c.133 (C.26:2H-18.59b) and
6 section 7 of P.L.1996, c.28 (C.26:2H-18.59e) and within the
7 limitations provided in subsection e. of section 9 of P.L.1992, c.160
8 (C.26:2H-18.59), the surplus monies in calendar years 1996 and 1997
9 shall lapse to the unemployment compensation fund established
10 pursuant to R.S.43:21-9, and each year thereafter shall lapse to the
11 charity care component of the disproportionate share hospital subsidy
12 account for distribution in subsequent years.

13 (cf: P.L.1997, c.263, s.2)

14

15 2. Section 8 of P.L.1996, c.28 (C.26:2H-18.59f) is amended to
16 read as follows:

17 8. **【**Within 30 days of the date of enactment of P.L.1996, c.28,
18 **the】** The Commissioner of Human Services, in consultation with the
19 Commissioner of Health and Senior Services and the State Treasurer,
20 **【shall】** may pursue any necessary waivers from the federal Department
21 of Health and Human Services in order to implement, within a single
22 region or county of the State designated by the Commissioner of
23 Human Services in consultation with the Commissioner of Health and
24 Senior Services and the State Treasurer, which may be limited to
25 designated hospitals within that region, a demonstration health care
26 program to provide low income residents of 【the State】 that region or
27 county who qualify pursuant to section 10 of P.L.1992, c.160
28 (C.26:2H-18.60), with eligible charity care services on a managed care
29 basis. The program shall be implemented by the Commissioner of
30 Health and Senior Services in consultation with the Commissioner of
31 Human Services and the State Treasurer.

32 a. The demonstration program shall be administered **【**Statewide by
33 one or more program administrators**】** by a program administrator
34 under contract with the State Treasurer pursuant to this section and
35 shall operate for a two-year period. For the purposes of this section,
36 program administrator may include, but not be limited to, an acute
37 care hospital which receives charity care reimbursements or a health
38 maintenance organization.

39 b. The Commissioner of Health and Senior Services, in
40 consultation with the Commissioner of Human Services and the State
41 Treasurer, shall, within 30 days after approval of the federal waiver,
42 and at appropriate intervals thereafter, solicit proposals from entities
43 in the State interested in administering the **【health care】**
44 demonstration program.

45 c. The contract shall include, but not be limited to, provisions for:

46 (1) providing charity care services on a managed care basis as
47 specified by the Commissioner of Health and Senior Services, in
48 consultation with the Commissioner of Human Services and the State

1 Treasurer. An administrator shall be responsible for determining the
2 most appropriate and cost-effective means of providing the health care
3 services required by an eligible person and for directing the person to
4 that means for receipt of the services;

5 (2) the determination of eligibility criteria for health care providers
6 who choose to participate in the demonstration program;

7 (3) a methodology established by the Commissioner of Health and
8 Senior Services for reimbursement of participating hospitals and other
9 health care providers;

10 (4) the development and use of a uniform method for determining
11 eligibility of **[State]** residents of the designated region or county for
12 health care services under the demonstration program; and

13 (5) the submission of quarterly reports to the Department of
14 Health and Senior Services and the Department of the Treasury, in a
15 form and manner required by the department, detailing expenditures
16 of health care funds in the demonstration program.

17 The contract shall also provide that provider participation in the
18 demonstration program shall ensure the maximum receipt by the State
19 of federal disproportionate share monies pursuant to Pub.L.89-97 (42
20 U.S.C.1396a et seq.) and Pub.L.102-234.

21 d. The Commissioner of Health and Senior Services shall report 12
22 months after the contract with the administrator or administrators is
23 entered into by the State Treasurer and **[each year thereafter]** upon
24 the conclusion of the demonstration program to the standing reference
25 committees on health and appropriations of the Senate and General
26 Assembly and the Governor on:

27 (1) expenditures related to the provision of health care services on
28 a managed care basis, the number of persons served, the types of
29 services provided, the hospitals participating in the demonstration
30 program, the number and types of other health care providers
31 participating in the demonstration program and such other information
32 as may be required by the Legislature;

33 (2) the effectiveness of the demonstration program in containing
34 or reducing costs for providing health care services to qualified low
35 income residents of the **[State]** designated region or county; and

36 (3) recommendations developed in consultation with the
37 Commissioner of Human Services and the State Treasurer concerning
38 additional cost containment actions that may be adopted for the
39 provision of health care services to qualified low income persons,
40 including, but not limited to, expansion of the demonstration program
41 to encompass other regions or counties within the State.

42 e. Nothing in this section shall be construed to expand covered
43 health care services provided under the demonstration program to
44 include services not covered by the charity care program in effect on
45 the effective date of **[this act]** P.L.1996, c.28.

46 f. The implementation of the **[health care]** demonstration program
47 pursuant to this section or other subsidies for charity care that affect
48 the Medicaid State plan shall be contingent upon receipt of federal

1 approvals that assure continuation of an acceptable level of federal
2 Medicaid matching funds, including disproportionate share monies, as
3 determined by the Director of the Division of Medical Assistance and
4 Health Services in the Department of Human Services and the Director
5 of the Division of Budget and Accounting in the Department of the
6 Treasury.

7 (cf: P.L.1996, c.28, s.8)

8

9 3. Section 9 of P.L.1996, c.28 (C.26:2H-18.59g) is amended to
10 read as follows:

11 9. The Commissioner of Health and Senior Services, in
12 consultation with the State Treasurer, shall establish a technology
13 infrastructure to support the **【Statewide health care program**
14 **established pursuant to section 8 of P.L.1996, c.28 (C.26:2H-18.59f)】**
15 **provision of charity care pursuant to P.L.1992, c.160 (C.26:2H-18.51**
16 **et al.)**.

17 The State Treasurer, in consultation with the Commissioners of
18 Health and Senior Services and Human Services may, if deemed to be
19 in the State's best interests, include system features and provisions in
20 the technology infrastructure to satisfy the requirements of multiple
21 programs and purposes, including, but not limited to, programs such
22 as, Medicaid, food stamps, public assistance, and purposes such as the
23 exchange and consolidation of health care information permitted by
24 law, eligibility and identity verification, claims processing, the use of
25 electronic patient identification technology and electronic data
26 interchange.

27 (cf: P.L.1996, c.28, s.9)

28

29 4. Section 11 of P.L.1996, c.28 (C.26:2H-18.58c) is amended to
30 read as follows:

31 11. a. The Health Care Subsidy Fund shall be funded with \$15
32 million in General Fund revenues in calendar year 1996 and \$41
33 million in General Fund revenues in calendar year 1997 and \$42.9
34 million in General Fund revenues for the period January 1, 1998
35 through June 30, 1998.

36 b. The Health Care Subsidy Fund shall be supported with
37 revenues derived from efficiencies achieved by State use of an
38 electronic data interchange system for health care claims and related
39 information, in amounts necessary to provide funding for the **【health**
40 **care program pursuant to section 8 of P.L.1996, c.28**
41 **(C.26:2H-18.59f)】** **provision of charity care pursuant to P.L.1992,**
42 **c.160 (C.26:2H-18.51 et al.)**.

43 (cf: P.L.1997, c.263, s.3)

44

45 ¹ **5. (New section) a. There is established a Managed Care Task**
46 **Force to study and make recommendations concerning the**
47 **implementation of a program to provide low income residents of the**

1 State who qualify pursuant to section 10 of P.L.1992, c.160 (C.26:2H-
2 18.60), with eligible charity care services on a managed care basis.
3 The task force shall also study the use and development of electronic
4 patient identification technology and electronic data exchange to
5 support a program providing charity care services on a managed care
6 basis.

7 The task force shall consist of 13 members as follows: the State
8 Treasurer, or his designee, who shall serve ex officio; the
9 Commissioner of Health and Senior Services, or his designee, who
10 shall serve ex officio; two members of the Senate to be appointed by
11 the President of the Senate and who shall each be of different political
12 parties; two public members, one of whom shall represent an acute
13 care hospital in the State, to be appointed by the President of the
14 Senate; two members of the General Assembly to be appointed by the
15 Speaker of the General Assembly and who shall each be of different
16 political parties; two public members, one of whom shall represent an
17 acute care hospital in the State, to be appointed by the Speaker of the
18 General Assembly; one representative of the New Jersey Hospital
19 Association; and two public members, one of whom shall represent an
20 acute care hospital in the State, to be appointed by the Governor.

21 b. The task force shall organize as soon as practicable following
22 the appointment of its members and shall select a chairperson from
23 among the members. The chairperson shall appoint a secretary who
24 need not be a member of the task force. Vacancies in the membership
25 shall be filled in the same manner as the original appointments were
26 made.

27 c. The members of the task force shall serve without compensation
28 but shall be entitled to reimbursement for reasonable expenses incurred
29 in the performance of their duties.

30 d. The Department of the Treasury shall supply the task force with
31 such personnel and resources as it requires to carry out its duties.

32 e. The task force shall report its findings and recommendations to
33 the Governor and the standing legislative reference committees on
34 budget and appropriations no later than 18 months after the date of
35 organization of the task force.

36

37 ¹[5.] 6.¹ This act shall take effect immediately.