

30:1-12

LEGISLATIVE HISTORY CHECKLIST
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NJSA: 30:1-12 et al

(County
psychiatric
facilities--state
assumption)

LAWS OF: 1990

CHAPTER: 73

Bill No: A3603

Sponsor(s): Brown

Date Introduced: May 24, 1990

Committee: Assembly: County Government; Appropriations

Senate: -----

Amended during passage: No

Date of Passage: Assembly: June 18, 1990

Senate: June 20, 1990

Date of Approval: July 17, 1990

Following statements are attached if available:

Sponsor statement: Yes

Committee Statement: Assembly: Yes 2 on 6-14-90

Senate: No

Fiscal Note: No

Veto Message: No

Message on signing: No

Following were printed:

Reports: Yes

Hearings: No

(over)

See newspaper clippings--attached:

974.90 New Jersey. County and Municipal Government Study Commission
S678 The delivery of human services within
1190 New Jersey. Trenton, 1990.

KBG/SLJ

§§5-9 -
C:30:4-78.1
to 30:4-78.5
§9-Note to
40A:4-45.2
§10-Note to
§§1-9

P.L.1990, CHAPTER 73, *approved July 17, 1990*
1990 Assembly No. 3603 (*First Reprint*)

1 AN ACT concerning the regulation of county psychiatric
2 facilities and amending and supplementing parts of the
3 statutory law.

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

7 1. R.S.30:1-12 is amended to read as follows:
8 30:1-12. The commissioner shall have power to determine all
9 matters relating to the unified and continuous development of the
10 institutions and noninstitutional agencies within his jurisdiction.
11 He shall determine all matters of policy and shall have power to
12 regulate the administration of the institutions or noninstitutional
13 agencies within his jurisdiction, correct and adjust the same so
14 that each shall function as an integral part of a general system.
15 The rules, regulations, orders and directions issued by the
16 commissioner pursuant thereto, for this purpose shall be accepted
17 and enforced by the executive having charge of any institution or
18 group of institutions or noninstitutional agencies or any phase of
19 the work within the jurisdiction of the department.

20 In order to implement the public policy of this State concerning
21 the provision of charitable, hospital, relief and training
22 institutions established for diagnosis, care, treatment, training,
23 rehabilitation and welfare of persons in need thereof, for
24 research and for training of personnel, and in order that the
25 personnel, buildings, land, and other facilities provided be most
26 effectively used to these ends and to advance the public interest,
27 the commissioner is hereby empowered to classify and designate
28 from time to time the specific functions to be performed at and
29 by any of the aforesaid institutions under his jurisdiction and to
30 designate, by general classification of disease or disability, age or
31 sex, the classes of persons who may be admitted to, or served by,
32 these institutions or agencies.

33 In addition to and in conjunction with its general facilities and
34 services for the mentally ill, mentally retarded and tuberculous,
35 the department may at its discretion establish and maintain
36 specialized facilities and services for the residential care,
37 treatment and rehabilitation of persons who are suffering from
38 chronic mental or neurological disorders, including, but not

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:
Assembly ACG committee amendments adopted June 14, 1990.

1 limited to alcoholism, drug addiction, epilepsy and cerebral palsy.

2 The commissioner shall have the power to promulgate
3 regulations to assure that services in State and county psychiatric
4 facilities are provided in an efficient and accessible manner and
5 are of the highest quality. Regulations shall include, but shall not
6 ¹be¹ limited to, the transfer of patients between facilities; the
7 maintenance of quality in order to obtain certification by the
8 United States Department of Health and Human Services; the
9 review of the facility's budget; and the establishment of
10 ¹[penalties] sanctions¹ to assure the appropriate operation of
11 facilities in compliance with State and federal laws and
12 regulations.

13 The commissioner shall have the power to promulgate
14 regulations to assure that county adjusters effectively and
15 efficiently conduct investigations, notify legally responsible
16 persons of amounts to be assessed against them, petition the
17 courts, represent patients in psychiatric facilities, and as
18 necessary reopen the question of payment for maintenance of
19 persons residing in psychiatric facilities or facilities for
20 developmentally disabled persons. Regulations may include
21 minimum standards for determining payment of care by legally
22 responsible persons; a uniform reporting system of findings,
23 conclusions and recommendations; and the establishment of
24 ¹[penalties] sanctions¹ to assure compliance with State laws and
25 regulations.

26 (cf: P.L.1971, c.384, s.8)

27 2. R.S.30:4-60 is amended to read as follows:

28 30:4-60. If the court shall determine that the patient is
29 mentally ill and, basing its determination upon a formula of
30 financial ability to pay as promulgated annually by the
31 Department of the Treasury, that the patient has sufficient
32 estate to pay for his maintenance as fixed by the State Board of
33 [Control] Human Services or board of chosen freeholders, as the
34 case may be, or is able to pay a sum in excess of that chargeable
35 to the county of legal settlement, if any, or if the person or
36 persons legally liable for his support, as herein provided, using the
37 same formula, are able to pay such amount of maintenance, fixed
38 as aforesaid, the court, after determining the legal settlement of
39 such patient may, in its discretion, commit or direct the
40 admission or hospitalization of such patient to any State, county,
41 or private mental hospital in this State. In the final judgment of
42 commitment or order directing admission or hospitalization it
43 shall direct that the cost of the care and maintenance of such
44 patient in the institution designated in the judgment, determined
45 by utilizing the aforesaid formula, shall be paid out of the estate
46 of the patient or by the person chargeable by law with his
47 support, or by contract, as the case may be, and the judgment
48 shall specify the amount of maintenance as fixed from time to

1 time for such institution, which shall be paid thereunder, and
2 shall, in the discretion of the court, contain such direction as may
3 seem proper concerning security to be given for such payment.
4 As long as the amount contributed by the patient's estate or his
5 legally responsible relatives for the maintenance of the patient
6 exceeds the amount chargeable as fixed pursuant to [section]
7 R.S.30:4-78 [of this Title], no order shall be entered against the
8 county of legal settlement for any part of such maintenance.

9 If on final hearing a patient and his chargeable relatives are
10 found unable to pay an amount for maintenance in excess of the
11 amount chargeable to the county of legal settlement, the court
12 shall direct that such patient be committed to the institution as a
13 patient chargeable to the county of legal settlement, if any, or to
14 the State, as provided in this article, and on reasonable notice to
15 the persons to be charged, may further direct that such patient or
16 his or her chargeable relatives, or any of them, pay monthly in
17 advance to the institution in which such patient is confined in the
18 case of State patients, or to the county treasurer of the county
19 chargeable in the case of county patients, such part of the cost of
20 the maintenance of such patient as the court may direct in the
21 manner provided herein. [If such county treasurer shall actually
22 receive from such patient, or his or her chargeable relatives, as
23 aforesaid any money in excess of that paid by the county in
24 support of such patient, he shall pay such excess to the institution
25 in which such patient is confined.]

26 (cf: P.L.1969, c.258, s.1)

27 3. Section 1 of P.L.1980 c.8 (C.30:4-68.1) is amended to read
28 as follows:

29 1. In the case of Medicaid and Medicare eligible patients
30 residing in the State psychiatric facilities, the maintenance costs
31 to be paid by the counties shall be satisfied by Federal Medicaid
32 or Medicare Part A payments to the State. Should a State
33 [hospital for the mentally ill] psychiatric facility lose its
34 accreditation and subsequently not receive Federal Medicaid and
35 Medicare Part A payments, the counties shall not be liable for
36 the maintenance of Medicaid or Medicare eligible county patients.

37 [In the case of any county which has incurred an obligation to
38 the State for the maintenance of such patients between
39 December 21, 1975 and January 1, 1980, 1/3 of its obligation
40 shall be forgiven. Any county which has made payments on
41 account of such obligation shall receive a credit, to the extent
42 that such payments exceed 2/3 of its total obligation, against
43 obligations due to the State for other patients.]

44 (cf: P.L.1980, c.8, s.1)

45 4. R.S.30:4-78 is amended to read as follows:

46 30:4-78. [The price to be paid for keeping any person in any
47 charitable hospital, relief or training institution owned by the
48 State, shall be paid to such State institution out of the State

1 treasury, except as may otherwise be provided by law.] The State
2 House Commission shall fix the rate or rates of per capita
3 ~~payment [for State patients in each State institution or group of~~
4 institutions, including the allowance for clothing of State
5 patients, upon recommendation by the commissioner, and shall
6 likewise fix the per capita rate or rates to be paid such
7 institutions] for the maintenance and clothing of patients in [such
8 institutions] State psychiatric facilities chargeable to the
9 counties.

10 [Payment shall be made at the rates fixed by the State House
11 Commission, monthly, by the State Treasurer, on the warrant of
12 the Comptroller, to the treasurers or auditors of such
13 institutions.]

14 The State House Commission shall fix the per capita cost rate
15 or rates to be paid by the State to the several counties on behalf
16 of the maintenance of State patients in any county [institution]
17 psychiatric facility, including outpatient psychiatric services,
18 which payments shall be made by the State Treasurer on the
19 warrant of the Comptroller to the board of chosen freeholders,
20 upon a statement furnished by such board to the department,
21 giving the name and number of such county or State patients who
22 may have been thus supported in such [institutions] psychiatric
23 facilities during the preceding month, computing from November
24 1. This statement shall set forth the amount, if any, received by
25 the county from any person or persons for or on behalf of the
26 maintenance of any such patients in such county [institutions, and
27 in determining the rate or rates to be paid from the State
28 Treasury on behalf of such patients, the amount of contribution
29 payable on account of the maintenance of such patients in such
30 county institutions shall be equally divided between the State and
31 the county] psychiatric facilities. To the extent that such
32 amount exceeds the county's share for maintenance and clothing
33 for a patient, that excess amount shall be credited to the amount
34 to be paid to the county by the State.

35 The State House Commission shall likewise fix the per capita
36 rate or rates which each county shall pay to the treasurer [or
37 auditor of the institutions owned by the State] for the
38 maintenance and clothing of each patient [therein] residing in a
39 State psychiatric facility having a legal settlement in such
40 county. If the State shall directly receive funds in support of the
41 patient, including but not limited to federal social security
42 benefits, the State shall credit the funds to the county of
43 settlement, but no credit shall exceed the county's share of
44 maintenance and clothing costs for the patient.

45 If the State shall receive private insurance payments for the
46 patient, the State shall credit the county of settlement for its
47 full cost for the days for which payment was received, but the
48 credit shall not exceed the county's share of maintenance and

1 clothing cost for the patient.

2 The State House Commission shall likewise fix the rate or rates
3 to be paid for the maintenance and clothing of the convict and
4 criminal mentally ill in any State [institution] psychiatric facility,
5 which rate or rates shall be paid by the State in the case of State
6 patients, and in the case of county patients, the same rate or
7 rates shall be paid, to be divided between the State and county in
8 the proportion of [3] nine on the part of the State and [2] one on
9 the part of the county.

10 No change shall be made by the State House Commission in the
11 rate or rates to be paid by the counties to the State for the
12 maintenance of county patients in State [institutions] psychiatric
13 facilities, except between January 1 and November 15 in any
14 year, and any such change of rate or rates shall not become
15 effective until January 1 next succeeding the making of such
16 change, except that any change that reduces the rate or rates to
17 be paid by the counties may become effective sooner as the
18 commission shall determine. Notice of any such change in rate or
19 rates to be paid by the counties shall be given in writing by the
20 State House Commission to the commissioner and by him
21 transmitted to the clerk of the respective boards of chosen
22 freeholders on or before December 1 of the year in which such
23 change is made.

24 ~~The rate to be paid by the State to the several county~~
25 ~~[institutions for the mentally ill] psychiatric facilities on behalf~~
26 ~~of the maintenance of patients [in county hospitals for the~~
27 ~~mentally ill] shall be [1/2] ¹[100%] 90%¹ of the actual per capita~~
28 ~~cost of maintenance of such patients [in such county institution] ,~~
29 ~~including patients in outpatient psychiatric services.~~

30 [The rate to be paid by the counties to the State in behalf of
31 the maintenance of county patients in State hospitals for the
32 mentally ill psychiatric facilities shall be 1/2 of the actual per
33 capita cost of maintenance of such patients in such hospital.]

34 ¹The rate to be paid by the counties to the State in behalf of
35 the maintenance of county patients in State psychiatric facilities
36 shall be 10% of the actual per capita cost of maintenance of such
37 patients.¹

38 The per capita cost of maintenance of patients in county and
39 State [hospitals for the mentally ill] psychiatric facilities, as
40 aforesaid, shall be reported to the State Comptroller upon forms
41 to be prescribed from time to time by the State Comptroller.

42 (cf: P.L. 1965, c. 59, s. 63)

43 5. (New section) The governing body of each county that
44 operates a county psychiatric facility shall submit to the
45 Commissioner of Human Services no later than December 31,
46 1991 a financial and management plan, in accordance with
47 guidelines established by the Commissioner of Human Services.
48 The plan shall ensure that the county incur all financial

1 obligations necessary for improvements to bring the facility in
2 compliance with all State and federal standards.

3 6. (New section) If the commissioner determines that the plan
4 submitted pursuant to section 5 of this amendatory and
5 supplementary act is appropriate, the commissioner shall enter
6 ¹into¹ negotiations with the governing body of the county to
7 provide for the State assumption of the management and
8 operation of the psychiatric facility, in which case the State shall
9 ¹[assume the full cost of operating and maintaining the
10 psychiatric facility] operate and maintain the psychiatric facility,
11 provided that the funding ratios shall not change¹.

12 Any agreement for the assumption shall include, but not be
13 limited to, such matters as personnel salaries, benefits, tenure or
14 other rights; debt obligations of the facility; existing vendor
15 contracts; lease, purchase or other arrangements for the State's
16 operation of the facility; purchase of services from the county;
17 capital improvements; staffing arrangements; and insurance
18 payments and receivables, including Medicare and Medicaid
19 payments. ¹When negotiating an agreement the Commissioner of
20 Human Services shall consult with the State Department of
21 Personnel concerning personnel salaries, benefits, tenure or other
22 rights. ¹the commissioner and the governing body of the county
23 agree to the State assumption of the management and operation
24 of a county psychiatric facility, any changes in salaries, benefits,
25 tenure or other rights of employees will recognize the rights and
26 responsibilities under appropriate collective bargaining
27 agreements.¹

28 7. (New section) Any costs or obligations incurred by a county
29 psychiatric facility in the 13 months prior to the effective date
30 of this act that are determined not to be reasonable by the
31 Commissioner of Human Services shall not eligible for
32 reimbursement from the State after the effective date of this act.

33 8. (New section) In the event a county continues to operate
34 and maintain a county psychiatric facility, the Commissioner of
35 Human Services shall have the power to replace the chief
36 executive officer, the chief financial officer, the medical
37 director and other appropriate administrative personnel upon the
38 commissioner's determination that financial expenditures of the
39 facility are repeatedly and substantially in excess of similar
40 expenditures in other State and county psychiatric facilities or
41 the quality of care provided in the facility is repeatedly and
42 substantially below State and federal standards.

43 9. (New section) ¹[a. In determining the final appropriations
44 upon which a county shall calculate its permissible tax levy for
45 the 1991 local fiscal year pursuant to section 2 of P.L.1976, c.68
46 (C.40A:4-45.2), the county shall deduct from its final
47 appropriations an amount equal to the additional amount to be
48 received by the county from the State from July 1 through

1 December 31, 1991 pursuant to this act as certified by the State
2 Treasurer.

3 b. In determining the final appropriations upon which a county
4 shall calculate its permissible tax levy for the 1992 local fiscal
5 year, the county shall deduct from its final appropriations for the
6 1991 local fiscal year an amount equal to the amount by which
7 the amount to be received by the county from the State in the
8 1992 local fiscal year pursuant to this act exceeds the amount
9 received by the county pursuant to this act in the 1991 local
10 fiscal year as certified by the State Treasurer; and an amount
11 equal to the amount appropriated by the county in the 1991 local
12 fiscal year for those purposes which are borne entirely by the
13 State in the 1992 local fiscal year pursuant to this act.

14 c. In determining the final appropriations upon which a county
15 shall calculate its permissible tax levy for the 1993 local fiscal
16 year, the county shall deduct from its final appropriations for the
17 1992 local fiscal year an amount equal to the amount
18 appropriated by the county in the 1992 local fiscal year for those
19 purposes which are borne entirely by the State in the 1993 local
20 fiscal year pursuant to this act.] For each local fiscal year, or
21 portion thereof, in which a service or function associated with
22 the provisions of this act is assumed by the State, the county
23 shall deduct from its final appropriations upon which its
24 permissible county tax levy is calculated the amount which the
25 county expended for that service or function during the last full
26 budget year, or portion thereof, for which the service or function
27 so transferred was funded from appropriations in the county
28 budget.¹

29 10. This act shall take effect July 1, 1991¹, except that section
30 9 shall take effect immediately¹.

31

32

33

HUMAN SERVICES

34

35 Provides for State assumption of certain costs of county
36 psychiatric facilities.

ASSEMBLY, No. 3603
STATE OF NEW JERSEY

INTRODUCED MAY 24, 1990

By Assemblyman BROWN

1 AN ACT concerning the regulation of county psychiatric
2 facilities and amending and supplementing parts of the
3 statutory law.

4

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

7 1. R.S.30:1-12 is amended to read as follows:

8 30:1-12. The commissioner shall have power to determine all
9 matters relating to the unified and continuous development of the
10 institutions and noninstitutional agencies within his jurisdiction.
11 He shall determine all matters of policy and shall have power to
12 regulate the administration of the institutions or noninstitutional
13 agencies within his jurisdiction, correct and adjust the same so
14 that each shall function as an integral part of a general system.
15 The rules, regulations, orders and directions issued by the
16 commissioner pursuant thereto, for this purpose shall be accepted
17 and enforced by the executive having charge of any institution or
18 group of institutions or noninstitutional agencies or any phase of
19 the work within the jurisdiction of the department.

20 In order to implement the public policy of this State concerning
21 the provision of charitable, hospital, relief and training
22 institutions established for diagnosis, care, treatment, training,
23 rehabilitation and welfare of persons in need thereof, for
24 research and for training of personnel, and in order that the
25 personnel, buildings, land, and other facilities provided be most
26 effectively used to these ends and to advance the public interest,
27 the commissioner is hereby empowered to classify and designate
28 from time to time the specific functions to be performed at and
29 by any of the aforesaid institutions under his jurisdiction and to
30 designate, by general classification of disease or disability, age or
31 sex, the classes of persons who may be admitted to, or served by,
32 these institutions or agencies.

33 In addition to and in conjunction with its general facilities and
34 services for the mentally ill, mentally retarded and tuberculous,
35 the department may at its discretion establish and maintain
36 specialized facilities and services for the residential care,
37 treatment and rehabilitation of persons who are suffering from
38 chronic mental or neurological disorders, including, but not
39 limited to alcoholism, drug addiction, epilepsy and cerebral palsy.

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 The commissioner shall have the power to promulgate
2 regulations to assure that services in State and county psychiatric
3 facilities are provided in an efficient and accessible manner and
4 are of the highest quality. Regulations shall include, but shall not
5 limited to, the transfer of patients between facilities; the
6 maintenance of quality in order to obtain certification by the
7 United States Department of Health and Human Services; the
8 review of the facility's budget; and the establishment of
9 penalties to assure the appropriate operation of facilities in
10 compliance with State and federal laws and regulations.

11 The commissioner shall have the power to promulgate
12 regulations to assure that county adjusters effectively and
13 efficiently conduct investigations, notify legally responsible
14 persons of amounts to be assessed against them, petition the
15 courts, represent patients in psychiatric facilities, and as
16 necessary reopen the question of payment for maintenance of
17 persons residing in psychiatric facilities or facilities for
18 developmentally disabled persons. Regulations may include
19 minimum standards for determining payment of care by legally
20 responsible persons; a uniform reporting system of findings,
21 conclusions and recommendations; and the establishment of
22 penalties to assure compliance with State laws and regulations.

23 (cf: P.L.1971, c.384, s.8)

24 2. R.S.30:4-60 is amended to read as follows:

25 30:4-60. ~~If the court shall determine that the patient is~~
26 ~~mentally ill and, basing its determination upon a formula of~~
27 ~~financial ability to pay as promulgated annually by the~~
28 ~~Department of the Treasury, that the patient has sufficient~~
29 ~~estate to pay for his maintenance as fixed by the State Board of~~
30 ~~[Control] Human Services or board of chosen freeholders, as the~~
31 ~~case may be, or is able to pay a sum in excess of that chargeable~~
32 ~~to the county of legal settlement, if any, or if the person or~~
33 ~~persons legally liable for his support, as herein provided, using the~~
34 ~~same formula, are able to pay such amount of maintenance, fixed~~
35 ~~as aforesaid, the court, after determining the legal settlement of~~
36 ~~such patient may, in its discretion, commit or direct the~~
37 ~~admission or hospitalization of such patient to any State, county,~~
38 ~~or private mental hospital in this State. In the final judgment of~~
39 ~~commitment or order directing admission or hospitalization it~~
40 ~~shall direct that the cost of the care and maintenance of such~~
41 ~~patient in the institution designated in the judgment, determined~~
42 ~~by utilizing the aforesaid formula, shall be paid out of the estate~~
43 ~~of the patient or by the person chargeable by law with his~~
44 ~~support, or by contract, as the case may be, and the judgment~~
45 ~~shall specify the amount of maintenance as fixed from time to~~
46 ~~time for such institution, which shall be paid thereunder, and~~
47 ~~shall, in the discretion of the court, contain such direction as may~~
48 ~~seem proper concerning security to be given for such payment.~~

1 As long as the amount contributed by the patient's estate or his
2 legally responsible relatives for the maintenance of the patient
3 exceeds the amount chargeable as fixed pursuant to [section]
4 R.S.30:4-78 [of this Title], no order shall be entered against the
5 county of legal settlement for any part of such maintenance.

6 If on final hearing a patient and his chargeable relatives are
7 found unable to pay an amount for maintenance in excess of the
8 amount chargeable to the county of legal settlement, the court
9 shall direct that such patient be committed to the institution as a
10 patient chargeable to the county of legal settlement, if any, or to
11 the State, as provided in this article, and on reasonable notice to
12 the persons to be charged, may further direct that such patient or
13 his or her chargeable relatives, or any of them, pay monthly in
14 advance to the institution in which such patient is confined in the
15 case of State patients, or to the county treasurer of the county
16 chargeable in the case of county patients, such part of the cost of
17 the maintenance of such patient as the court may direct in the
18 manner provided herein. [If such county treasurer shall actually
19 receive from such patient, or his or her chargeable relatives, as
20 aforesaid any money in excess of that paid by the county in
21 support of such patient, he shall pay such excess to the institution
22 in which such patient is confined.]

23 (cf: P.L.1969, c.258, s.1)

24 3. Section 1 of P.L.1980 c.8 (C.30:4-68.1) is amended to read
25 as follows:

26 1. In the case of Medicaid and Medicare eligible patients
27 residing in the State psychiatric facilities, the maintenance costs
28 to be paid by the counties shall be satisfied by Federal Medicaid
29 or Medicare Part A payments to the State. Should a State
30 [hospital for the mentally ill] psychiatric facility lose its
31 accreditation and subsequently not receive Federal Medicaid and
32 Medicare Part A payments, the counties shall not be liable for
33 the maintenance of Medicaid or Medicare eligible county patients.

34 [In the case of any county which has incurred an obligation to
35 the State for the maintenance of such patients between
36 December 21, 1975 and January 1, 1980, 1/3 of its obligation
37 shall be forgiven. Any county which has made payments on
38 account of such obligation shall receive a credit, to the extent
39 that such payments exceed 2/3 of its total obligation, against
40 obligations due to the State for other patients.]

41 (cf: P.L.1980, c.8, s.1)

42 4. R.S.30:4-78 is amended to read as follows:

43 30:4-78. [The price to be paid for keeping any person in any
44 charitable hospital, relief or training institution owned by the
45 State, shall be paid to such State institution out of the State
46 treasury, except as may otherwise be provided by law.] The State
47 House Commission shall fix the rate or rates of per capita
48 payment [for State patients in each State institution or group of

1 institutions, including the allowance for clothing of State
2 patients, upon recommendation by the commissioner, and shall
3 likewise fix the per capita rate or rates to be paid such
4 institutions] for the maintenance and clothing of patients in [such
5 institutions] State psychiatric facilities chargeable to the
6 counties.

7 [Payment shall be made at the rates fixed by the State House
8 Commission, monthly, by the State Treasurer, on the warrant of
9 the Comptroller, to the treasurers or auditors of such
10 institutions.]

11 The State House Commission shall fix the per capita cost rate
12 or rates to be paid by the State to the several counties on behalf
13 of the maintenance of State patients in any county [institution]
14 psychiatric facility, including outpatient psychiatric services,
15 which payments shall be made by the State Treasurer on the
16 warrant of the Comptroller to the board of chosen freeholders,
17 upon a statement furnished by such board to the department,
18 giving the name and number of such county or State patients who
19 may have been thus supported in such [institutions] psychiatric
20 facilities during the preceding month, computing from
21 November 1. This statement shall set forth the amount, if any,
22 received by the county from any person or persons for or on
23 behalf of the maintenance of any such patients in such county
24 [institutions, and in determining the rate or rates to be paid from
25 the State Treasury on behalf of such patients, the amount of
26 contribution payable on account of the maintenance of such
27 patients in such county institutions shall be equally divided
28 between the State and the county] psychiatric facilities. To the
29 extent that such amount exceeds the county's share for
30 maintenance and clothing for a patient, that excess amount shall
31 be credited to the amount to be paid to the county by the State.

32 The State House Commission shall likewise fix the per capita
33 rate or rates which each county shall pay to the treasurer [or
34 auditor of the institutions owned by the State] for the
35 maintenance and clothing of each patient [therein] residing in a
36 State psychiatric facility having a legal settlement in such
37 county. If the State shall directly receive funds in support of the
38 patient, including but not limited to federal social security
39 benefits, the State shall credit the funds to the county of
40 settlement, but no credit shall exceed the county's share of
41 maintenance and clothing costs for the patient.

42 If the State shall receive private insurance payments for the
43 patient, the State shall credit the county of settlement for its
44 full cost for the days for which payment was received, but the
45 credit shall not exceed the county's share of maintenance and
46 clothing cost for the patient.

47 The State House Commission shall likewise fix the rate or rates
48 to be paid for the maintenance and clothing of the convict and

1 criminal mentally ill in any State [institution] psychiatric facility,
2 which rate or rates shall be paid by the State in the case of State
3 patients, and in the case of county patients, the same rate or
4 rates shall be paid, to be divided between the State and county in
5 the proportion of [3] nine on the part of the State and [2] one on
6 the part of the county.

7 No change shall be made by the State House Commission in the
8 rate or rates to be paid by the counties to the State for the
9 maintenance of county patients in State [institutions] psychiatric
10 facilities, except between January 1 and November 15 in any
11 year, and any such change of rate or rates shall not become
12 effective until January 1 next succeeding the making of such
13 change, except that any change that reduces the rate or rates to
14 be paid by the counties may become effective sooner as the
15 commission shall determine. Notice of any such change in rate or
16 rates to be paid by the counties shall be given in writing by the
17 State House Commission to the commissioner and by him
18 transmitted to the clerk of the respective boards of chosen
19 freeholders on or before December 1 of the year in which such
20 change is made.

21 The rate to be paid by the State to the several county
22 [institutions for the mentally ill] psychiatric facilities on behalf
23 of the maintenance of patients [in county hospitals for the
24 mentally ill] shall be [1/2] 100% of the actual per capita cost of
25 maintenance of such patients [in such county institution] ,
26 including patients in outpatient psychiatric services.

27 [The rate to be paid by the counties to the State in behalf of
28 the maintenance of county patients in State hospitals for the
29 mentally ill psychiatric facilities shall be 1/2 of the actual per
30 capita cost of maintenance of such patients in such hospital.]

31 The per capita cost of maintenance of patients in county and
32 State [hospitals for the mentally ill] psychiatric facilities, as
33 aforesaid, shall be reported to the State Comptroller upon forms
34 to be prescribed from time to time by the State Comptroller.

35 (cf: P.L.1965, c.59, s.63)

36 5. (New section) The governing body of each county that
37 operates a county psychiatric facility shall submit to the
38 Commissioner of Human Services no later than December 31,
39 1991 a financial and management plan, in accordance with
40 guidelines established by the Commissioner of Human Services.
41 The plan shall ensure that the county incur all financial
42 obligations necessary for improvements to bring the facility in
43 compliance with all State and federal standards.

44 6. (New section) If the commissioner determines that the plan
45 submitted pursuant to section 5 of this amendatory and
46 supplementary act is appropriate, the commissioner shall enter
47 negotiations with the governing body of the county to provide for
48 the State assumption of the management and operation of the

1 psychiatric facility, in which case the State shall assume the full
2 cost of operating and maintaining the psychiatric facility.

3 Any agreement for the assumption shall include, but not be
4 limited to, such matters as personnel salaries, benefits, tenure or
5 other rights; debt obligations of the facility; existing vendor
6 contracts; lease, purchase or other arrangements for the State's
7 operation of the facility; purchase of services from the county;
8 capital improvements; staffing arrangements; and insurance
9 payments and receivables, including Medicare and Medicaid
10 payments.

11 7. (New section) Any costs or obligations incurred by a county
12 psychiatric facility in the 13 months prior to the effective date
13 of this act that are determined not to be reasonable by the
14 Commissioner of Human Services shall not be eligible for
15 reimbursement from the State after the effective date of this act.

16 8. (New section) In the event a county continues to operate
17 and maintain a county psychiatric facility, the Commissioner of
18 Human Services shall have the power to replace the chief
19 executive officer, the chief financial officer, the medical
20 director and other appropriate administrative personnel upon the
21 commissioner's determination that financial expenditures of the
22 facility are repeatedly and substantially in excess of similar
23 expenditures in other State and county psychiatric facilities or
24 the quality of care provided in the facility is repeatedly and
25 substantially below State and federal standards.

26 9. (New section) a. In determining the final appropriations
27 upon which a county shall calculate its permissible tax levy for
28 the 1991 local fiscal year pursuant to section 2 of P.L.1976, c.68
29 (C.40A:4-45.2), the county shall deduct from its final
30 appropriations an amount equal to the additional amount to be
31 received by the county from the State from July 1 through
32 December 31, 1991 pursuant to this act as certified by the State
33 Treasurer.

34 b. In determining the final appropriations upon which a county
35 shall calculate its permissible tax levy for the 1992 local fiscal
36 year, the county shall deduct from its final appropriations for the
37 1991 local fiscal year an amount equal to the amount by which
38 the amount to be received by the county from the State in the
39 1992 local fiscal year pursuant to this act exceeds the amount
40 received by the county pursuant to this act in the 1991 local
41 fiscal year as certified by the State Treasurer; and an amount
42 equal to the amount appropriated by the county in the 1991 local
43 fiscal year for those purposes which are borne entirely by the
44 State in the 1992 local fiscal year pursuant to this act.

45 c. In determining the final appropriations upon which a county
46 shall calculate its permissible tax levy for the 1993 local fiscal
47 year, the county shall deduct from its final appropriations for the
48 1992 local fiscal year an amount equal to the amount
49 appropriated by the county in the 1992 local fiscal year for those

1 purposes which are born entirely by the State in the 1993 local
2 fiscal year pursuant to this act.

3 10. This act shall take effect July 1, 1991.
4
5

6 STATEMENT
7

8 This bill provides financial relief to counties and municipalities
9 through increased State support for patients in county psychiatric
10 facilities and for county patients in State psychiatric facilities.
11 It provides property tax relief to taxpayers by requiring the
12 counties to reduce their budgets commensurate with the
13 increased State assistance. The bill also provides the
14 Commissioner of Human Services with more specific authority
15 over county psychiatric facilities. In addition, the bill clarifies
16 how the State and counties share in the recovery of costs for
17 patients residing in State and county psychiatric facilities.

18 In addition, the bill provides a mechanism for the State to assume
19 the operation and maintenance of county psychiatric facilities or
20 to appoint new administrators if expenditures are excessive or
21 the quality of care is seriously deficient.

22 Specifically, the bill amends section 1 of P.L.1980, c.8
23 (30:4-68.1) to clarify that the statute's intent that Medicare and
24 Medicaid payments relieve the counties from paying the cost of
25 maintenance and clothing for patients residing in State
26 psychiatric facilities only, and not developmental disabilities
27 facilities.

28 Furthermore, in the past counties were not entitled to more
29 than 50% recoveries, including, but not limited to, social security
30 payments which are paid to the State on behalf of
31 institutionalized persons. The amendment to R.S.30:4-78 now
32 allows for the county to receive credit from the State up to the
33 cost to the county of maintenance and clothing; however, all
34 funds exceeding the county cost for maintenance and clothing
35 shall be retained by the State. In addition, consistent with the
36 former policy in this regard under R.S.30:4-60, R.S.30:4-78 is
37 amended to require counties to credit the State all funds
38 exceeding the county's share for maintenance and clothing at
39 county facilities. Further, this section clarifies payment from
40 private insurers to the county. Under this section, counties may
41 only receive their cost for maintenance and clothing and shall
42 receive only their cost for the days for which private insurance
43 payment was received by the State. Also, since payments by the
44 county placed an inordinate financial burden on county residents,
45 this section is amended to prospectively reduce county payments
46 for these services to the State. Finally, in the past rates for
47 convicts and the criminally mentally ill were disproportionate
48 between State and county psychiatric facilities. The amendments

1 to this section equalize the county payment ratios.

2 The bill also provides for the following:

3 The State share of the cost of the maintenance of patients in
4 State and county psychiatric facilities will increase from 50% to
5 100%, and the county share will be eliminated.

6 The commissioner is empowered to issue regulations to ensure
7 that the programs offered by these facilities are efficient,
8 accessible and of the highest quality.

9 The commissioner is authorized to issue regulations to ensure
10 that ~~county adjusters~~ undertake their responsibilities in an
11 effective and efficient manner.

12 Moneys received by a county from a patient or relatives of a
13 patient for the maintenance and clothing of the patient in a
14 county psychiatric facility will be credited to the county's share
15 of the maintenance, but only up to the actual county cost of the
16 maintenance. Any amount in excess of the county's cost will be
17 applied to the State's share. Similarly, moneys received directly
18 by the State in support of the patient will be credited to the
19 county up to the actual cost of maintenance and clothing for the
20 county's share. Any amount in excess of the county's cost shall
21 be credited to the State. Counties will receive credit for the full
22 cost for those days for which the State has received private
23 insurance payments.

24 Further, the bill provides that the Commissioner of Human
25 Services shall disallow any unreasonable costs incurred by a
26 county psychiatric facility during the 13 months prior to the
27 effective date of this act.

28

29

30

HUMAN SERVICES

31

32 Provides for State assumption of certain costs of county
33 psychiatric facilities.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[FIRST REPRINT]

ASSEMBLY, No. 3603

STATE OF NEW JERSEY

DATED: JUNE 14, 1990

The Assembly Appropriations Committee reports favorably Assembly Bill No. 3603 [1R]

Assembly Bill No. 3603 [1R] increases the State support for patients in county psychiatric facilities and for county patients in State psychiatric facilities. Specifically, the State share of the cost of the maintenance of patients in State and county psychiatric facilities will increase from 50% to 90%, and the county share will decrease from 50% to 10%. In accordance with this change, each county will be required to reduce its final appropriations by the amount the county is no longer paying for these patients.

In addition, the bill provides the Commissioner of the Department of Human Services with the authority to replace certain personnel in county psychiatric facilities and to further regulate the county facilities. In certain circumstances, the commissioner also may negotiate for the State to operate and maintain the county facilities.

FISCAL IMPACT

At this time, a fiscal note has not been prepared by the Office of Legislative Services. Information from the Department of Human Services estimates that the savings to all counties will total \$72 million.

ASSEMBLY COUNTY GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3603

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: JUNE 14, 1990

The Assembly County Government Committee favorably reports Assembly Bill No. 3603, with committee amendments.

Assembly Bill No. 3603, as amended by the committee, provides financial relief to counties and municipalities through increased State support for patients in county psychiatric facilities and for county patients in State psychiatric facilities. The intent of the bill is to provide property tax relief to taxpayers by requiring the counties to reduce their budgets commensurate with the increased State assistance. It is expected that the savings realized by the counties shall be passed along to the municipalities in the same proportion as the municipalities provide tax dollars. The bill also provides the Commissioner of Human Services with more specific authority over county psychiatric facilities. In addition, the bill clarifies how the State and counties share in the recovery of costs for patients residing in State and county psychiatric facilities. In addition, the bill provides a mechanism for the State to assume the operation and maintenance of county psychiatric facilities or to appoint new administrators if expenditures are excessive or the quality of care is seriously deficient.

Specifically, the bill amends section 1 of P.L.1980, c.8 (30:4-68.1) to clarify the statute's intent that Medicare and Medicaid payments relieve the counties from paying the cost of maintenance and clothing for patients residing in State psychiatric facilities only, and not developmental disabilities facilities.

Furthermore, in the past counties were not entitled to more than 50% recoveries, including, but not limited to, social security payments which are paid to the State on behalf of institutionalized persons. The amendment to R.S.30:4-78 now allows for the county to receive credit from the State up to the cost to the county of maintenance and clothing; however, all funds exceeding the county cost for maintenance and clothing shall be retained by the State. In addition, consistent with the former policy in this regard under R.S.30:4-60, R.S.30:4-78 is amended to require counties to credit the State with all funds exceeding the county's share for maintenance and clothing at county facilities. Further, this section clarifies payment from private insurers to the county. Under this section, counties may only receive their cost for maintenance and clothing and shall receive only their cost for the days for which private insurance payment was received by the State. Also, since payments by the county placed an inordinate financial burden on county residents, this section is amended to prospectively reduce county

payments for these services to the State. Finally, in the past rates for convicts and the criminally mentally ill were disproportionate between State and county psychiatric facilities. The amendments to this section equalize the county payment ratios.

Assembly Bill No. 3603 also provides for the following:

The State share of the cost of the maintenance of patients in State and county psychiatric facilities will increase from 50% to 100%, and the county share will be eliminated.

The commissioner is empowered to issue regulations to ensure that the programs offered by these facilities are efficient, accessible and of the highest quality.

The commissioner is authorized to issue regulations to ensure that county adjusters undertake their responsibilities in an effective and efficient manner.

Moneys received by a county from a patient or relatives of a patient for the maintenance and clothing of the patient in a county psychiatric facility will be credited to the county's share of the maintenance, but only up to the actual county cost of the maintenance. Any amount in excess of the county's cost will be applied to the State's share. Similarly, moneys received directly by the State in support of the patient will be credited to the county up to the actual cost of maintenance and clothing for the county's share. Any amount in excess of the county's cost shall be credited to the State. Counties will receive credit for the full cost for those days for which the State has received private insurance payments.

Further, the bill provides that the Commissioner of Human Services shall disallow any unreasonable costs incurred by a county psychiatric facility during the 13 months prior to the effective date of this act.



OFFICE OF THE GOVERNOR

NEWS RELEASE

CN-001
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Release:

Tuesday
July 17, 1990

GOVERNOR SIGNS STATE TAKEOVER BILLS: PART OF MIDDLE-CLASS PROPERTY TAX RELIEF

Governor Jim Florio today signed two bills requiring the state to pick up county social service and psychiatric hospitals costs, which will provide additional property tax relief for New Jersey homeowners.

"This legislation is a key part of our program to bring fairness to the state's taxpayers," Florio said. "I am pleased today to sign these bills which will cut county tax costs by an average of 10 percent. Middle-class people have paid the freight for too long. This is part of the biggest property tax relief package ever in New Jersey."

S 2725, sponsored by Senator Paul Contillo, requires the state to assume 100 percent of the costs for residential services for developmentally disabled persons (DDD); 100 percent of the maintenance costs for children in the custody of the Division of Youth and Family Services (DYFS), and 100 percent of the assistance costs to the permanently and totally disabled and blind (SSI). The bill also increases the state's share of AFDC costs from 75 percent to 95 percent and requires the state to assume 100 percent of municipal general assistance.

A 3603/S 2524, sponsored by Assemblyman Willie Brown and Senator Carmen Orechio, increases the state's share of maintenance of patients in State and county psychiatric facilities from 50 to 90 percent.

The state's costs will be funded by \$250 million provided from the revised income tax structure.

"The state will pay it fair share. Having the state carry the financial burden for the programs it mandates is a responsible way to ensure fairness and efficient management of these programs," Florio said. "Senator Paul Contillo, Senator Carmen Orechio and Assemblyman Willie Brown have long been outspoken advocates for having the state shoulder its responsibility. Their leadership in seeing this legislation through will result in the largest property tax relief program in the state's history."