

26: 2H-18.4

LEGISLATIVE HISTORY CHECKLIST

NJSA: 26: 2H-18.4

("Uncompensated  
Care Trust Fund"-  
-establish)

LAWS OF: 1989

CHAPTER: 1

Bill No: S2981

Sponsor(s): Codey

Date Introduced: October 17, 1988

Committee: Assembly: -----

Senate: Institutions, Health & Welfare; Revenue, Finance &  
Appropriations.

Amended during passage: Yes Amendments during passage  
denoted by asterisks.

Date of Passage: Assembly: January 10, 1989

Senate: December 19, 1988

Date of Approval: January 11, 1989

Following statements are attached if available:

Sponsor statement: Yes

Committee Statement: Assembly: No

Senate: Yes 11-10-88 & 11-21-88

Fiscal Note: No

Veto Message: No

Message on signing: Yes

Following were printed:

Reports: No

Hearings: No

(over)

See newspaper clipping file in New Jersey Reference Department, "New Jersey-Hospitals-1988" and "New Jersey-Hospitals - 1989"

[THIRD REPRINT]

SENATE, No. 2981

STATE OF NEW JERSEY

INTRODUCED OCTOBER 17, 1988

By Senator CODEY

1 AN ACT concerning uncompensated care in hospitals <sup>3</sup>[and] <sup>3</sup>  
2 supplementing Title 26 of the Revised Statutes and Title 18A  
3 of the New Jersey Statutes <sup>3</sup>, and making an appropriation  
4 therefor<sup>3</sup>.

5

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

8 1. The Legislature finds and declares that:

9 a. Access to quality health care shall not be denied to  
10 residents of the State because of their inability to pay for the  
11 care; there are many residents of the State <sup>3</sup>, particularly those  
12 with incomes below the federal poverty level,<sup>3</sup> who cannot pay  
13 for needed hospital care and in order to ensure that these persons  
14 have equal access to hospital care it is necessary to maintain a  
15 mechanism which will ensure payment of uncompensated hospital  
16 care; and to protect the fiscal solvency of the State's general  
17 hospitals, as provided for in P.L.1971, c.136 (C.26:2H-1 et al.), it  
18 is necessary that all payers of health care services share <sup>3</sup>[in]  
19 equally in the<sup>3</sup> payment of uncompensated care on a Statewide  
20 basis.

21 b. The "New Jersey Uncompensated Care Trust Fund," created  
22 pursuant to P.L.1986, c.204, by which hospitals may collect their  
23 reasonable cost of <sup>3</sup>approved<sup>3</sup> uncompensated care, has resulted  
24 in <sup>3</sup>[a high degree of] unobstructed<sup>3</sup> access to health care for  
25 residents without insurance who otherwise are unable to afford  
26 care. <sup>3</sup>[The fund has increased the stability and equity of the  
27 payment system without increasing the cost, by instituting a  
28 Statewide collection mechanism in place of the previous  
29 hospital-specific price add-ons;] It must be noted, however, that  
30 many hospitals in the State are not consistently collecting  
31 information about patients, resulting in a serious lack of  
32 demographic data on the profile of persons whose hospital care  
33 has led to spiraling uncompensated care costs, and seriously

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 SIH committee amendments adopted December 8, 1988.

<sup>2</sup> Senate SRF committee amendments adopted December 8, 1988.

<sup>3</sup> Assembly floor amendments adopted January 10, 1989.

1 hampering hospital financial collection efforts. Bad debt  
2 collection should be one of the highest priorities of each hospital  
3 and the Department of Health.<sup>3</sup>

4 c. The "Uncompensated Care Trust Fund Advisory  
5 Committee," also created pursuant to P.L.1986, c.204, has  
6 <sup>3</sup>[conducted a thorough study of all] examined at length<sup>3</sup>  
7 alternative means of financing <sup>3</sup>[health care for the uninsured]  
8 hospital care for those who cannot pay<sup>3</sup>, the reasons for  
9 <sup>3</sup>[uninsurance and] a lack of insurance coverage and some<sup>3</sup>  
10 alternative means of providing <sup>3</sup>[coverage] health care<sup>3</sup>. The  
11 Commissioner of Health has submitted a <sup>3</sup>[comprehensive]<sup>3</sup>  
12 report to the Governor and the Legislature which <sup>3</sup>[analyzes the  
13 demographics] addresses the concept<sup>3</sup> of uncompensated care,  
14 <sup>3</sup>[the economics of uncompensated care and alternative] its  
15 economic implications and many of the<sup>3</sup> means by which to  
16 finance uncompensated care.

17 <sup>3</sup>d.<sup>3</sup> Although New Jersey has <sup>3</sup>[consistently]<sup>3</sup> expanded  
18 Medicaid entitlement for <sup>3</sup>[the lowest income New Jerseyans]  
19 certain residents of low income, to provide them with better  
20 quality health care and<sup>3</sup> to optimize federal contributions, <sup>3</sup>[the  
21 Department of Health found that there are still over 840,000 New  
22 Jerseyans lacking health insurance. Over 40% of these uninsured  
23 are employed, many of them by small employers who need  
24 encouragement to offer health benefits] it is clear that further  
25 State action is required. The Medicaid and medically needy  
26 programs in New Jersey should be expanded to provide the  
27 maximum coverage permitted under federal law, particularly for  
28 pregnant women and young children, in order to ensure greater  
29 access to primary, preventive health care in an appropriate  
30 setting such as a physician's office, rather than the more costly  
31 and inappropriate setting of a hospital emergency room. For  
32 every New Jersey hospital patient whose hospital care costs are  
33 charged to uncompensated care and who is eligible for Medicaid  
34 or medically needy coverage, this State loses federal dollars in an  
35 amount equal to one half of that patient's hospital bill<sup>3</sup>.

36 <sup>3</sup>[d.] e.<sup>3</sup> Having received and <sup>3</sup>thoroughly<sup>3</sup> reviewed the report  
37 <sup>3</sup>by the Commissioner of Health<sup>3</sup>, it is evident that <sup>3</sup>the  
38 continuation of<sup>3</sup> the fund is <sup>3</sup>[still]<sup>3</sup> necessary <sup>3</sup>, with  
39 modifications,<sup>3</sup> to ensure <sup>3</sup>[the appropriate and equitable

1 purposes of this act.

3 The fund shall be a nonlapsing fund dedicated for use by the  
department: (1) to distribute payments for the cost of  
uncompensated care in the State, (2) to subsidize<sup>1</sup>, pursuant to  
5 the provisions of section <sup>3</sup>[16] 15<sup>3</sup> of this act, a<sup>1</sup> pilot health  
insurance <sup>1</sup>[programs that are created] program<sup>1</sup> for small  
7 businesses, <sup>3</sup>[and]<sup>3</sup> (3) to fund the reasonable cost of  
administering the fund <sup>3</sup>, and (4) to fund the reasonable cost of  
9 preparing and disseminating health insurance information to  
employers pursuant to section 13 of this act<sup>3</sup>; except that,  
11 monies collected from hospitals pursuant to this act shall not be  
used for the purpose of subsidizing pilot health insurance  
13 programs for small businesses. Interest earned on monies  
deposited in the fund shall be credited to the fund.

15 b. The fund shall be administered by a person appointed by the  
commissioner in consultation with the Uncompensated Care Trust  
17 Fund Advisory Committee established pursuant to section 5 of  
this act.

19 The administrator of the fund is responsible for overseeing and  
coordinating the collection and disbursement of fund monies. The  
21 administrator is responsible for promptly informing the  
commission and the commissioner if monies are not or are not  
23 reasonably expected to be collected or disbursed or if the fund's  
reserve as established in subsection c. of this section falls below  
25 the required level.

27 c. The fund shall maintain a reserve equal to 1/12 of the  
fund's total estimated annual payment for uncompensated care  
costs for the prior calendar year.

29 5. a. <sup>2</sup>(1)<sup>2</sup> There is created in the department a <sup>1</sup>[19-member]  
<sup>3</sup>[22-member<sup>1</sup>] <sup>3</sup>23-member<sup>3</sup> Uncompensated Care Trust Fund  
31 Advisory Committee which shall be comprised of the <sup>2</sup>19  
members of the Uncompensated Care Trust Fund Advisory  
33 Committee created pursuant to P.L.1986, c.204 which 19  
members shall continue to serve the terms to which they were  
35 appointed pursuant to P.L.1986, c.204. Upon enactment of this  
act, the representation and manner of appointment that applied  
37 to those members shall continue to apply to reappointments to  
the committee as follows: the<sup>2</sup> Commissioners of Health, Human  
39 Services and Insurance and the Public Advocate, or their

1 financing of services to the uninsured. However, recognizing the  
2 burden that financing the fund places on the payers of health  
3 care,] access to hospital care for those who cannot afford to pay  
4 and the fiscal solvency of hospitals. At the same time, the State  
5 should take further actions to: provide more comprehensive  
6 Medicaid coverage for the medically indigent, ensure appropriate  
7 reimbursement for hospital emergency room services according  
8 to the level of care required by the patient, reduce the rate of  
9 increase in health insurance premiums and explore and implement  
10 various<sup>3</sup> initiatives <sup>3</sup>[will be explored and implemented]<sup>3</sup> to  
11 reduce the amount of uncompensated care in this State without  
impairing access to care.

13 2. As used in this act:

"Commission" means the Hospital Rate Setting Commission  
15 established pursuant to section 5 of P.L.1978, c.83 (C.26:2H-4.1).

"Commissioner" means the Commissioner of Health.

17 "Department" means the Department of Health.

"Fund" means the "New Jersey Uncompensated Care Trust  
19 Fund" established pursuant to this act.

"Hospital" means a general acute care hospital whose schedule  
21 of rates is approved by the commission pursuant to section 11 of  
P.L.1978, c.83 (C.26:2H-18.1).

23 "Payer" means a governmental or nongovernmental third party  
payer or any purchaser of hospital services whose hospital  
25 reimbursement rates are established by the commission pursuant  
to P.L.1971, c.136 (C.26:2H-1 et al.).

27 "Uncompensated care" means inpatient and outpatient care  
provided to medically indigent persons and bad debts as defined  
29 by regulation of the department pursuant to P.L.1971, c.136  
(C.26:2H-1 et al.).

31 3. The commission is authorized to approve a hospital's rates  
to achieve an equitable collection and distribution mechanism  
33 among hospitals in the State for payment of uncompensated care  
pursuant to the provisions of this act.

35 4. There is established the "New Jersey Uncompensated Care  
Trust Fund" in the Department of Health.

37 a. The fund shall be comprised of monies collected from  
hospitals pursuant to this act and <sup>2</sup>any other<sup>2</sup> monies  
39 appropriated <sup>2</sup>[from the General Fund] thereto<sup>2</sup> to carry out the

1 for a term of <sup>2</sup>[three] two<sup>2</sup> years <sup>2</sup>[and] . Those public members  
2 continuing their term<sup>2</sup> are eligible for reappointment <sup>2</sup>by their  
3 appointing authority for a term to expire on  
4 December 31, 1990<sup>2</sup>. Vacancies in the advisory committee shall  
5 be filled in the same manner as the original appointments were  
6 made <sup>2</sup>for the unexpired term<sup>2</sup>.

7 The advisory committee shall organize as soon as practicable  
8 after the appointment of its members and shall select a  
9 chairperson from among its <sup>1</sup>public<sup>1</sup> members. Members of the  
10 advisory committee shall serve without compensation but shall be  
11 reimbursed for the necessary expenses incurred in the  
12 performance of their duties as members of the advisory  
13 committee.

b. The advisory committee shall:

14 (1) Review the methodology and assumptions used by the  
15 department to establish the Statewide uncompensated care  
16 add-on pursuant to section 6 of this act, and advise the  
17 commissioner on its conclusions about the accuracy of the  
18 calculations;

19 (2) Make recommendations to the commissioner on the  
20 procedures that shall be used to audit uncompensated care at the  
21 hospitals, including methods of indigent care cost recovery and  
22 bad debt collection by the hospitals;

23 (3) Make recommendations to the commissioner on additional  
24 methods of funding uncompensated care that may be used to  
25 supplement funding methods already implemented;

26 (4) Make recommendations to the commissioner on initiatives  
27 designed to reduce uncompensated care in the State;

28 (5) Make recommendations to the commissioner on methods to  
29 ensure appropriate reimbursement for primary care in hospital  
30 emergency rooms;

31 (6) Make recommendations on initiatives to expand health  
32 insurance coverage in the State;

33 (7) Make recommendations to the commissioner to maximize  
34 federal, State and local participation in public assistance  
35 programs; <sup>3</sup>[and]

36 (8) Analyze the possible impact of an increase in the rate of  
37 unemployment in the State on the amount of uncompensated care  
38 provided by hospitals and advise the commissioner on its  
39

1 designees who shall serve ex officio; two members of the Senate  
 2 to be appointed by the President thereof, no more than one of  
 3 whom shall be of the same political party, and two members of  
 4 the General Assembly to be appointed by the Speaker thereof, no  
 5 more than one of whom shall be of the same political party;  
 6 2<sup>1</sup>two public members who have professional expertise in the  
 7 area of health care financing, one each to be appointed by the  
 8 President of the Senate and the Speaker of the General  
 9 Assembly;<sup>1</sup><sup>2</sup> and <sup>1</sup>[11] <sup>2</sup>[12<sup>1</sup>] 11<sup>2</sup> members appointed by the  
 10 Governor as follows: one person who represents the Office of the  
 11 Governor who shall serve ex officio and <sup>1</sup>[10] <sup>2</sup>[11<sup>1</sup>] 10<sup>2</sup> public  
 12 members who include <sup>1</sup>[two] <sup>2</sup>[three<sup>1</sup>] two<sup>2</sup> persons who  
 13 represent payers, one to be appointed upon the recommendation  
 14 of Blue Cross and Blue Shield of New Jersey, Inc., <sup>1</sup>[and]<sup>1</sup> <sup>2</sup>and<sup>2</sup>  
 15 one upon the recommendation of the Health Insurance  
 16 Association of America <sup>2</sup>[and one upon the recommendation of  
 17 the New Jersey Health Maintenance Organization<sup>1</sup>]<sup>2</sup>; two persons  
 18 who represent hospitals in the State to be appointed upon the  
 19 recommendation of the New Jersey Hospital Association; two  
 20 persons who represent business and industry in this State, one to  
 21 be appointed upon the recommendation of the New Jersey  
 22 Business and Industry Association and one upon the  
 23 recommendation of the New Jersey State Chamber of Commerce;  
 24 two persons who represent organized labor in this State, to be  
 25 appointed upon the recommendation of the New Jersey State  
 26 AFL-CIO; and two persons who are consumers of health care.

27 <sup>2</sup>(2) In addition to the 19 members appointed in the manner  
 28 hereinabove, there shall be appointed <sup>3</sup>[three] four<sup>3</sup> members as  
 29 follows: two public members who have professional expertise in  
 30 the area of health care financing, one each to be appointed by the  
 31 President of the Senate and the Speaker of the General Assembly,  
 32 and one public member who represents payers to be appointed by  
 33 the Governor upon the recommendation of the New Jersey Health  
 34 Maintenance Association <sup>3</sup>and one public member who represents  
 35 business and industry to be appointed by the Governor upon the  
 36 recommendation of the New Jersey chapter of the National  
 37 Federation of Independent Business<sup>3,2</sup>

38 <sup>2</sup>[The] Except for the public members continuing their term as  
 39 provided hereinabove, the<sup>2</sup> public members shall serve



1 The subcommittee shall organize as soon as practicable after  
the appointment of its members and shall select a chairperson  
3 from among its members. Members of the subcommittee shall  
serve without compensation but shall be reimbursed for necessary  
5 expenses incurred in the performance of their duties as members  
of the subcommittee.

7 The purpose of the subcommittee is to make recommendations  
to the advisory committee on the procedures that are used to  
9 audit uncompensated care at the hospitals and on the procedures  
that are used to collect delinquent hospital bills.

11 6. a. For the periods beginning January or July of the  
hospitals' rate year, the department shall determine a uniform  
13 Statewide uncompensated care add-on. The commission shall  
approve the add-on before it is included in hospital rates.

15 The add-on shall be determined by dividing the Statewide  
amount of approved uncompensated care plus an amount adequate  
17 to fund the reasonable cost of administering the fund pursuant to  
subsection a. of section 4 of this act and to maintain the reserve  
19 pursuant to subsection c. of section 4 of this act, by the  
Statewide amount of approved revenue for all payers and  
21 approved revenue for medically indigent persons less the  
Statewide amount of approved uncompensated care.

23 The add-on and any increases made to the add-on are an  
allowable cost and shall be included as part of the hospital's  
25 rates as established by the commission.

b. The amount of money raised by the uniform Statewide  
27 uncompensated care add-on, as a percentage of all governmental  
and nongovernmental approved revenue, shall not exceed <sup>3</sup>[by one  
29 percentage point the percentage which is in effect on January 1,  
1989] 13%<sup>3</sup>.

31 <sup>3</sup>c. The uniform Statewide uncompensated care add-on for  
patients whose hospital bills are paid by a health maintenance  
33 organization or other payer which has negotiated a discounted  
rate of payment with the hospital shall be based on the full rate  
35 of reimbursement for the services provided by the hospital to the  
patient under the hospital reimbursement system established  
37 pursuant to P.L.1978, c.83, rather than on the discounted rate of  
payment.<sup>3</sup>

39 <sup>3</sup>[<sup>2</sup>c.] d.<sup>3</sup> No provision of this section shall be construed to

1 conclusions about the projected impact of the limit on the  
2 uniform Statewide uncompensated care add-on, established  
3 pursuant to subsection b. of section 6 of this act, on hospitals  
4 under those economic conditions; and<sup>3</sup>

5 <sup>3</sup>[(8)] (9)<sup>3</sup> Make recommendations to the commissioner  
6 concerning any aspect of the fund.

7 c. There is created within the advisory committee a  
8 <sup>1</sup>[nine-member] <sup>3</sup>[12-member<sup>1</sup>] 13-member<sup>3</sup> subcommittee on  
9 hospital audit and collection practices.

10 The subcommittee shall be comprised of the Commissioners of  
11 Health and Human Services, <sup>1</sup>the State Treasurer<sup>1</sup> and the Public  
12 Advocate, or their designees, who shall serve ex officio and <sup>1</sup>[six]  
13 <sup>3</sup>[eight<sup>1</sup>] nine<sup>3</sup> public members. The public members shall be  
14 appointed by the commissioner and shall include: two persons  
15 who represent payers, one to be appointed upon the  
16 recommendation of the Health Insurance Association of America  
17 and one to be appointed upon the recommendation of Blue Cross  
18 and Blue Shield of New Jersey, Inc.; two persons who represent  
19 hospitals in the State to be appointed upon the recommendation  
20 of the New Jersey Hospital Association; <sup>1</sup>two certified public  
21 accountants who are knowledgeable about hospital audit and  
22 collection procedures, to be appointed upon the recommendation  
23 of the New Jersey chapter of the American Institute of Certified  
24 Public Accountants;<sup>1</sup> and <sup>3</sup>[two] three<sup>3</sup> persons who represent  
25 business and industry in this State, one to be appointed upon the  
26 recommendation of the New Jersey Business and Industry  
27 Association <sup>3</sup>[and] <sup>3</sup>,<sup>3</sup> one to be appointed upon the  
28 recommendation of the New Jersey State Chamber of Commerce  
29 <sup>3</sup>and one to be appointed upon the recommendation of the New  
30 Jersey chapter of the National Federation of Independent  
31 Business<sup>3</sup>.

32 The members of the subcommittee may be members of the  
33 advisory committee. The public members of the subcommittee  
34 shall serve for a term of <sup>2</sup>[three] two<sup>2</sup> years <sup>2</sup>[and are eligible for  
35 reappointment, but of the members first appointed, <sup>1</sup>[two] three<sup>1</sup>  
36 shall serve for a term of one year, <sup>1</sup>[two] three<sup>1</sup> for a term of  
37 two years and two for a term of three years]<sup>2</sup>. Vacancies in the  
38 subcommittee shall be filled in the same manner as the original  
39 appointments are made <sup>2</sup>for the unexpired term<sup>2</sup>.

1 the fund.

2 8. a. Hospitals required to remit the net difference of funds  
3 received from payers pursuant to subsection b. of section 7 of  
4 this act shall remit the funds in equal installments at the end of  
5 every month.

6 b. If a hospital is delinquent in its required payment to the  
7 fund, the commission may, pursuant to rules and regulations  
8 adopted by the commissioner, remove from that hospital's  
9 schedule of rates the uniform Statewide uncompensated care  
10 add-on or levy a reasonable penalty on the hospital. The penalty  
11 shall be recovered in a summary civil proceeding brought in the  
12 name of the State in the Superior Court pursuant to "the penalty  
13 enforcement law," (N.J.S.2A:58-1 et seq.). Penalties collected  
14 pursuant to this section shall be deposited in the fund established  
15 pursuant to this act.

16 c. Hospitals authorized to receive payments from the fund  
17 pursuant to subsection b. of section 7 of this act shall receive the  
18 payments on a monthly basis.

19 9. a. A hospital shall not be reimbursed for the cost of  
20 uncompensated care unless the commissioner certifies to the  
21 commission that the hospital has followed the procedures  
22 pursuant to this section and section 10 of this act. For the  
23 purposes of this section and section 10 of this act, <sup>1</sup>"designated  
24 hospital employee" means an employee of the hospital who has  
25 received training in the collection of patient financial data and  
26 identification of third party coverage and in assessing a patient's  
27 eligibility for public assistance; and<sup>1</sup> "responsible party" means  
28 any person who is responsible for paying a patient's hospital bill.

29 b. A <sup>1</sup>[hospital admissions officer or appropriate] designated  
30 hospital<sup>1</sup> employee shall interview a patient upon the patient's  
31 initial request for care. If the emergent nature of the patient's  
32 required health care makes the immediate patient interview  
33 impractical, the <sup>1</sup>[officer or] designated hospital<sup>1</sup> employee shall  
34 interview the patient's family member, responsible party or  
35 guardian, as appropriate<sup>1</sup>[. In all instances except where it is  
36 medically inappropriate to interview the patient and where  
37 there], but if there<sup>1</sup> is no family member, responsible party or  
38 guardian, <sup>1</sup>the designated hospital employee shall interview<sup>1</sup> the  
39 patient<sup>1</sup>[, family member, responsible party or guardian shall be

1 preclude the commission from approving individual hospital rate  
2 increases for uncompensated care in addition to the add-on. Such  
3 increases, however, shall not be paid from the moneys in the  
4 <sup>3</sup>[fund] Uncompensated Care Trust Fund<sup>3,2</sup>

5 7. a. The commission shall approve each hospital's reasonable  
6 uncompensated care costs and shall ensure that uncompensated  
7 care services financed pursuant to this act are provided in the  
8 most appropriate and cost-effective manner which the  
9 commission determines hospitals can reasonably be required to  
10 achieve. The commission shall reduce a hospital's reasonable  
11 uncompensated care costs by the amount of overpayment for  
12 patient care services, if any, by the Medicare program  
13 (Pub.L.89-97, 42 U.S.C. § 1395 et seq.), the Medicaid program  
14 (P.L.1968, c.413, C.30:4D-1 et seq.), or any payer or purchaser of  
15 hospital services whose hospital reimbursement rates are not  
16 established by the commission pursuant to P.L.1971, c.136  
17 (C.26:2H-1 et al.). For the purposes of this section,  
18 "overpayment" means <sup>1</sup>[patient service revenue] reimbursement<sup>1</sup>  
19 in excess of that allowed by section 5 of P.L.1978, c.83  
20 (C.26:2H-4.1).

21 The commission shall require a hospital which engages in  
22 inefficient or inappropriate provision of uncompensated care  
23 services to submit to the commission a cost reduction plan. The  
24 commission may prospectively reduce the hospital's  
25 uncompensated care payments for failure to submit or implement  
26 a cost reduction plan that has been approved by the commission.

27 b. The commission shall semiannually determine the amount a  
28 hospital shall pay to the fund or the fund shall pay to the hospital,  
29 as appropriate.

The hospital payment to the fund shall be funded by the  
30 uniform Statewide uncompensated care add-on determined  
31 pursuant to section 6 of this act, which is charged by the hospital  
32 to all payers.

33 The commission shall require a hospital whose uncompensated  
34 care costs are lower than the amount the hospital will receive  
35 from the uniform Statewide uncompensated care add-on to remit  
36 the net difference to the fund. The commission shall authorize a  
37 hospital whose uncompensated care costs are higher than the  
38 amount the hospital will receive from the uniform Statewide  
39 uncompensated care add-on to receive the net difference from

1 concludes that <sup>1</sup>[a] the<sup>1</sup> patient may be eligible for a public  
assistance program, the <sup>1</sup>[officer or]<sup>1</sup> employee shall so advise  
3 the patient, family member, responsible party or guardian, as  
appropriate. The <sup>1</sup>[officer or]<sup>1</sup> employee, either directly or  
5 through the hospital's social services office, shall give the  
patient, family member, responsible party or guardian, as  
7 appropriate, the name, address and phone number of the public  
assistance office that can assist in enrolling the patient in the  
9 program. The <sup>1</sup>[officer or]<sup>1</sup> employee, or the social services  
office of the hospital, shall also advise the public assistance  
11 office of the patient's possible eligibility<sup>1</sup>, including possible  
retroactive or presumptive eligibility,<sup>1</sup> for the program.

13 (4) <sup>1</sup>[The hospital admissions officer or] If evidence of health  
insurance coverage for the patient is not documented or if  
15 evidence of health insurance coverage is documented but the  
patient's health insurance coverage is unlikely to provide  
17 payment in full for the patient's account at the hospital, and the  
patient does not appear to be eligible for public assistance, the<sup>1</sup>  
19 designated hospital employee shall determine if the patient is  
eligible for charity care pursuant to regulations adopted by the  
21 commissioner. If the patient does not qualify for charity care,  
the designated hospital employee shall<sup>1</sup> request from the patient,  
23 family member, responsible party or guardian, as appropriate, the  
patient's or responsible party's place of employment, income,  
25 real property and durable personal property owned by the patient  
or responsible party and bank accounts possessed by the patient  
27 or responsible party, along with account numbers and the name  
and location of the bank.

29 10. a. If, upon the discharge of a patient from the hospital,  
the patient's account has not been paid in full by the patient or  
31 responsible party or by health insurance, or it is unlikely that the  
patient's account will be paid in full by the patient or responsible  
33 party or by health insurance, as identified pursuant to paragraphs  
(2) and (3) of subsection c. of section 9 of this act, and the  
35 patient or responsible party <sup>1</sup>[has assets as] is likely to have  
assets such as those<sup>1</sup> identified pursuant to paragraph (4) of  
37 subsection c. of section 9 of this act, a hospital shall follow the  
collection procedure pursuant to this section if the patient's

1 interviewed]<sup>1</sup> within five working days of the patient's admission  
into the hospital <sup>1</sup>or prior to discharge, whichever date is sooner<sup>1</sup>.

3 c. A patient interview shall, at a minimum, include the  
following inquiries:

5 (1) The <sup>1</sup>[hospital admissions officer or]<sup>1</sup> designated hospital  
employee shall obtain documentation of proper identification of  
7 the patient. Documentation of proper identification may include,  
but shall not be limited to, a driver's license, a voter registration  
9 card, an alien registry card, a birth certificate, an employee  
identification card, a union membership card, an insurance or  
11 welfare plan identification card or a Social Security card. Proper  
identification of the patient may also be provided by personal  
13 recognition by a person not associated with the patient.  
<sup>1</sup>[Non-associated persons may include, but shall not be limited to,  
15 police officers, firefighters, members of an ambulance or rescue  
squad or hospital personnel.]<sup>1</sup> For the purposes of this paragraph,  
17 "proper identification" means the patient's name; mailing  
address; residence telephone number; date of birth; Social  
19 Security number; and place <sup>1</sup>and type<sup>1</sup> of employment,  
employment address and employment telephone number, as  
21 applicable.

(2) The <sup>1</sup>[hospital admissions officer or]<sup>1</sup> designated hospital  
23 employee shall inquire of the patient, family member, responsible  
party or guardian, as appropriate, whether the patient is covered  
25 by health insurance, and if so, shall request documentation of the  
evidence of health insurance coverage. Documentation may  
27 include, but shall not be limited to, a government sponsored  
health plan card or number, a group sponsored or direct  
29 subscription health plan card or number, a commercial insurance  
identification card or claim form or a union welfare plan  
31 identification card or claim form.

(3) <sup>1</sup>[The hospital admissions officer or] If evidence of health  
33 insurance coverage for the patient is not documented or if  
evidence of health insurance coverage is documented but the  
35 patient's health insurance coverage is unlikely to provide  
payment in full for the patient's account at the hospital, the<sup>1</sup>  
37 designated hospital employee shall make an initial determination  
of whether <sup>1</sup>[a] the<sup>1</sup> patient is eligible for participation in a  
39 public assistance program. If the <sup>1</sup>[officer or]<sup>1</sup> employee

1 for the patient or responsible party;

2 <sup>1</sup>[(3)] <sup>2</sup>(2)<sup>1</sup> At least three attempts to reach the patient or  
3 responsible party by telephone shall be made <sup>1</sup>[by hospital  
4 personnel,]<sup>1</sup> if hospital personnel have determined a residence or  
5 business telephone number for the patient or responsible party. If  
6 <sup>1</sup>hospital personnel are not able to make<sup>1</sup> telephone contact with  
7 the patient or responsible party <sup>1</sup>[is not made]<sup>1</sup> after three  
8 attempts, the hospital shall send a collection telegram; <sup>3</sup>[and]<sup>3</sup>

9 <sup>1</sup>[(4)] <sup>3</sup>(3)<sup>1</sup> Legal action to collect the amount due and owing on  
10 the patient's account <sup>1</sup>shall be taken<sup>1</sup> <sup>3</sup>[.] ;and

11 (4) The hospital shall request the department, on behalf of the  
12 fund, to request the Department of the Treasury to apply or  
13 cause to be applied the income tax refund or homestead rebate  
14 due the patient or responsible party, or both the income tax  
15 refund and homestead rebate, or so much of either or both as is  
16 necessary to recover the amount due and owing on the patient's  
17 account, pursuant to section 1 of P.L.1981, c.239 (C.54A:9-8.1 et  
18 seq.), for which purpose the patient's outstanding balance shall  
19 be considered a debt to the fund and the fund shall be considered  
20 an agency of State government.<sup>3</sup>

21 c. Unless the cost of completing the procedure, in part or in  
22 its entirety, exceeds the outstanding balance on a patient's  
23 account, a hospital shall complete the procedures in paragraphs  
24 (1)<sup>1</sup>[, (2) and (3)] and (2)<sup>1</sup> of subsection b. of this section before  
25 submitting appropriate documentation and requesting from the  
26 commissioner that the hospital be reimbursed on a delinquent  
27 account from the fund.

28 If any payment on a delinquent account is received as a result  
29 of compliance with the procedures in subsection b. of this section  
30 and the hospital has already received payment from the fund, the  
31 amount of money the hospital is entitled to receive from the fund  
32 shall be adjusted pursuant to procedures established by the  
33 commission.

34 d. This section shall not apply to a patient who qualifies for  
35 charity care pursuant to rules and regulations adopted by the  
36 commissioner. This section also shall not apply to a patient who  
37 qualifies for care under the federal Hill-Burton program pursuant  
38 to 42 U.S.C. §291 et seq.

39 e. The commissioner, after review by the Uncompensated Care

1 aggregate outstanding balance exceeds the cost of collecting the  
account. A hospital shall comply with the collection procedure  
3 on all outstanding accounts until the point is reached where the  
cost of collection exceeds the patient's outstanding balance.

5 b. The hospital shall commence the collection procedure  
within two weeks after a patient's discharge from the hospital or  
7 date of service at the hospital.

The collection procedure shall include:

9 (1) At least three billing statements, each sent at intervals of  
no longer than four weeks, shall be sent to the patient's or  
11 responsible party's mailing address. <sup>1</sup>[A hospital is not required  
to comply with this provision if mail sent to the patient's or  
13 responsible party's mailing address has twice been returned to  
the hospital, and hospital personnel, after reasonable effort, are  
15 unable to determine a new mailing address for the patient or  
responsible party;

17 (2)]<sup>1</sup> At least two collection follow-up letters shall follow the  
three billing statements. The collection follow-up letters shall  
19 be sent to the patient's or responsible party's mailing address at  
an interval of no longer than three weeks. Each collection  
21 follow-up letter shall state the amount due and owing, the  
collection history on the account and the hospital's intention to  
23 proceed with legal action if the outstanding balance is not paid in  
full or, in the alternative, the patient or responsible party fails to  
25 enter into payment arrangements with the hospital. <sup>3</sup>Each  
collection follow-up letter shall request a partial payment of the  
27 outstanding balance in the patient's account as the minimum  
amount due and shall offer to establish a payment schedule for  
29 the remainder of the outstanding balance in the patient's account  
based upon the patient's or responsible party's ability to pay.  
31 The letter shall clearly indicate the name of a person for the  
patient or responsible party to contact, and a telephone number  
33 for the patient or responsible party to call, in order to arrange  
such a payment schedule.<sup>3</sup>

35 A hospital is not required to comply with <sup>1</sup>[this provision] the  
requirements of sending a third billing statement or two  
37 collection follow-up letters<sup>1</sup> if mail has twice been returned to  
the <sup>1</sup>[facility] hospital<sup>1</sup>, and hospital personnel, despite  
39 reasonable efforts, are unable to determine a new mailing address



1 health insurance coverage to its employees is required to provide  
2 employer assistance and to inform all of its current and  
3 prospective employees about the importance of having health  
4 insurance coverage. The employer shall also make a good faith  
5 effort to assist any employee who wishes to purchase health  
6 insurance from a health insurance carrier.

7 For the purposes of this section, "employer assistance" means  
8 <sup>1</sup>[obtaining information] the dissemination to all current and  
9 prospective employees of information obtained<sup>1</sup> from the  
10 department on health insurance products available in the State  
11 for employees and their dependents<sup>1</sup>, and disseminating this  
12 information to all current and prospective employees]<sup>1</sup>.

13 The department shall prepare and have ready for dissemination  
14 to employers information on health insurance products available  
15 in the State, within 60 days of the <sup>3</sup>[effective date] date of  
16 enactment<sup>3</sup> of this act.

17 <sup>3</sup>[15.] 14.<sup>3</sup> a. Every student enrolled as a full-time student at  
18 a public or private institution of higher education in this State  
19 shall maintain health insurance coverage which provides basic  
20 hospital <sup>3</sup>[and medical]<sup>3</sup> benefits. The coverage shall be  
21 maintained throughout the period of the student's enrollment.

22 b. Every student enrolled as a full-time student shall present  
23 evidence of the health insurance coverage required by subsection  
24 a. of this section to the institution at least annually, in a manner  
25 prescribed by the institution.

26 c. The State Board of Higher Education shall require all public  
27 and private institutions of higher education in this State to offer  
28 health insurance coverage on a group or individual basis for  
29 purchase by students who are required to maintain the coverage  
30 pursuant to this section.

31 The State Board of Higher Education shall adopt rules and  
32 regulations pursuant to the "Administrative Procedure Act,"  
33 P.L.1968, c.410 (C.52:14B-1 et seq.) to carry <sup>2</sup>out<sup>2</sup> the purposes  
34 of <sup>3</sup>subsections a., b. and c. of<sup>3</sup> this section.

35 <sup>3</sup>d. The Student Assistance Board in the Department of Higher  
36 Education shall adopt rules and regulations to require that a  
37 public or private institution of higher education in this State  
38 consider the coverage required pursuant to this section as an  
39 educational cost for purposes of determining a student's

1 Trust Fund Advisory Committee, shall adopt rules and regulations  
to effectuate the purposes of this section and section 9 of this  
3 act; except that nothing in this section or section 9 of this act  
shall be construed to prohibit the commissioner from adopting  
5 rules and regulations that are more stringent than the provisions  
of this section and section 9 of this act.

7 11. a. The department shall annually provide for an audit of  
each hospital's uncompensated care within a time frame  
9 established by rules and regulations adopted by the commissioner.

b. Prior to the department's final approval of the audit, the  
11 results of the audit shall be reviewed with the hospital. If a  
hospital disputes an audit adjustment, the hospital may appeal the  
13 adjustment to the commission. The commission shall resolve the  
dispute within 90 calendar days of the date on which the hospital  
15 appealed the adjustment.

c. Upon receipt and acceptance of the final audit, the  
17 commission, within 90 calendar days, shall adjust a hospital's  
schedule of rates so that the rates reflect the audit adjustment.

19 12. The commission shall adjust a hospital's schedule of rates  
to ensure that services which are provided to emergency room  
21 patients who do not require those services on an emergency basis  
are reimbursed at a rate appropriate for primary care, according  
23 to regulations adopted by the commissioner. <sup>3</sup>Nothing in this  
section shall be construed to restrict the right of the commission  
25 to increase a hospital's schedule of rates for required emergency  
services, except that the increase shall not be solely to offset a  
27 reduction in hospital revenue as a result of reduced rates for  
primary care provided in the emergency room.<sup>3</sup>

29 Nothing in this section shall be construed to permit a hospital  
to refuse to provide emergency room services to a patient who  
31 does not require the services on an emergency basis.

<sup>3</sup>[13. If the State is not eligible to receive federal matching  
33 funds to cover the cost of the uniform Statewide uncompensated  
care add-on for receipt of medical assistance under the Medicaid  
35 program pursuant to P.L.1968, c.413 (C.30:4D-1 et seq.), the  
State is not liable for the amount of the federal matching funds.

37 <sup>2</sup>The amount of the federal matching funds shall be included in  
the add-on for all payers except Medicaid.<sup>2</sup><sup>3</sup>

39 <sup>3</sup>[14.] 13.<sup>3</sup> Any employer in this State who does not provide

1 the State, and protecting the fiscal solvency of the State's  
2 general acute care hospitals. <sup>1</sup>The <sup>2</sup>[report] reports<sup>2</sup> shall also  
3 include the names of all hospitals which have been required to  
4 submit a cost reduction plan pursuant to section 7 of this act and  
5 any actions taken by the commission against a hospital for failure  
6 to submit or implement the plan.<sup>1</sup>

7 <sup>2</sup>In the report issued on or before December <sup>3</sup>[31] <sup>1</sup>3, 1989, the  
8 commissioner shall include a recommendation for an alternative  
9 means of funding uncompensated care.<sup>2</sup> <sup>3</sup>The commissioner shall  
10 appear before the Senate Institutions, Health and Welfare  
11 Committee and the General Assembly Health and Human  
12 Resources Committee to discuss that report no later than  
13 December 31, 1989.<sup>3</sup>

14 The commissioner shall accompany <sup>2</sup>[the] each<sup>2</sup> report with  
15 any recommendations for legislative or administrative action that  
16 the commissioner deems necessary <sup>3</sup>[, including whether an  
17 increase in the amount of money raised by the uniform Statewide  
18 uncompensated care add-on, beyond the limit established  
19 pursuant to subsection b. of section 6 of this act, is necessary]<sup>3</sup>.

20 <sup>3</sup>[18.] <sup>17.</sup><sup>3</sup> A hospital shall not advertise by any means<sup>3</sup>[,]<sup>3</sup>  
21 the availability of uncompensated care that is provided at the  
22 hospital pursuant to this act. Nothing in this section shall be  
23 construed to prohibit a hospital from advertising its requirement  
24 to provide charity care under the federal Hill-Burton program  
25 pursuant to 42 U.S.C. §291 et seq.<sup>1</sup>

26 <sup>3</sup>[19.] <sup>18.</sup><sup>3</sup> A hospital that does not claim any deduction for  
27 bad debt for the purpose of the department's determination of  
28 that hospital's uncompensated care factor pursuant to  
29 N.J.A.C.8:31B-4.39, is eligible for full reimbursement for charity  
30 care, as provided pursuant to N.J.A.C.8:31B-4.37, for all eligible  
31 patients regardless of a patient's state of residence; except  
32 that<sup>3</sup>[,]<sup>3</sup> this section shall not apply in the case of a patient who  
33 is not a resident of the United States.<sup>1</sup>

34 <sup>3</sup>[20.] <sup>19.</sup><sup>3</sup> a. The cost of advanced life support services  
35 provided pursuant to P.L.1984, c.146 (C.26:2K-7 et seq.) to  
36 medically indigent persons incurred through a hospital's provision  
37 of advanced life support services shall be compensated pursuant  
38 to this act. The <sup>3</sup>[commissioner] commission<sup>3</sup> shall, by  
39 regulation, establish a schedule of reimbursement rates for

1 eligibility for financial aid.<sup>3</sup>

3 <sup>3</sup>[d.] e.<sup>3</sup> Nothing in this section shall be construed to permit a  
hospital in this State to deny access to hospital care to a  
5 full-time student whose health insurance coverage required by  
this section lapses for any reason.

7 <sup>3</sup>f. The provisions of this section shall not apply to a person  
who is a participant in the REACH program established pursuant  
to P.L.1987, c.282 (C.44:10-9 et seq.).<sup>3</sup>

9 <sup>3</sup>[16.] 15.<sup>3</sup> The administrator of the fund is not required to  
repay to the General Fund any portion of the direct appropriation  
11 of State funds made pursuant to P.L.1986, c.204 that is remaining  
in the fund as of December 31, 1988. <sup>1</sup>[The State funds shall  
13 remain in the fund and shall be used for the purpose of subsidizing  
health insurance programs for small businesses that will be  
15 designed to reduce the amount of uncompensated care in this  
State and for the purpose of carrying out the provisions of section  
17 14 of this act.]

The amounts remaining in the fund shall be credited to a  
19 special account to be known as the "Uncompensated Care  
Reduction- Pilot Program" account and shall be used to subsidize  
21 or otherwise provide financial assistance for a health insurance  
pilot program for small businesses; except that the monies, and  
23 any interest earned thereon, shall remain in the account until  
such time as a law is enacted which establishes the health  
25 insurance pilot program for small businesses and which  
appropriates the monies in the account.<sup>1</sup>

27 <sup>3</sup>[17.] 16.<sup>3</sup> The commissioner shall report <sup>2</sup>[annually] on or  
before December <sup>3</sup>[31] 1<sup>3</sup>, 1989 and on or before December 31,  
29 1990<sup>2</sup> to the Governor and the Senate Institutions, Health and  
Welfare <sup>2</sup>[and] Committee, the Senate Revenue, Finance and  
31 Appropriations Committee,<sup>2</sup> the General Assembly Health and  
Human Resources <sup>2</sup>[Committees] Committee and the General  
33 Assembly Appropriations Committee<sup>2</sup>, or their successors, on the  
<sup>2</sup>activities and accomplishments of the Uncompensated Care  
35 Trust Fund Advisory Committee, the<sup>2</sup> cost to the State and other  
payers of uncompensated hospital care in the State and the  
37 effectiveness of the New Jersey Uncompensated Care Trust Fund  
in ensuring access to health care services for all residents of the  
39 State, ensuring payment of uncompensated hospital care costs in

1 Agency Transfer Act," P.L.1971, c.375 (C.52:14D-1 et seq.) to  
the "New Jersey Uncompensated Care Trust Fund" and the  
3 "Uncompensated Care Trust Fund Advisory Committee,"  
respectively, established pursuant to this act.

5 b. The membership of the "Uncompensated Care Trust Fund  
Advisory Committee," created pursuant to P.L.1986, c.204, is  
7 continued and the members appointed pursuant to that act shall  
continue to serve for their term of office.

9 20. This act shall take effect immediately, except that  
sections 9, 10, 12, 14 and 15 shall take effect on the 90th day  
11 following enactment.

13

#### STATEMENT

15

The purpose of this bill is to ensure access to health care for  
17 every resident of this State, to ensure the payment of  
uncompensated hospital care and to protect the solvency of the  
19 State's general acute care hospitals. The bill would make  
permanent the "Uncompensated Care Trust Fund," established  
21 pursuant to P.L.1986, c.204 (which expires on December 31,  
1988), and would supplement that law in ways designed to control  
23 the cost of uncompensated care for third party payers and  
purchasers of hospital services.

25 Provisions in this bill which are designed to control the cost of  
uncompensated care for third party payers and purchasers of  
27 hospital services include:

1. Requiring the Uncompensated Care Trust Fund Advisory  
29 Committee to develop initiatives designed to contain the level of  
uncompensated care in this State and to expand health insurance  
31 coverage;

2. Directing the advisory committee to make  
33 recommendations to maximize federal, State and local  
participation in public assistance programs;

3. Forgiving the remainder of the State appropriation required  
35 by P.L.1986, c.204 to be repaid to the General Fund by December  
37 31, 1988, and, instead, directing that the remaining State funds  
be used to subsidize pilot health insurance programs for small  
39 businesses which are designed to reduce the level of

1 uncompensated care in this State, and to provide information to  
employers, for dissemination to their employees, on health  
3 insurance products available in the State;

4. Requiring employers who do not provide health insurance  
5 for their employees to provide technical assistance and  
information to employees interested in obtaining coverage for  
7 themselves and their dependents;

5. Establishing a cap on the percentage amount of the uniform  
9 Statewide uncompensated care add-on, which will limit any  
future increase in the add-on to one percentage point over the  
11 percentage that will be in effect on January 1, 1989;

6. Establishing statutory auditing and collection procedures  
13 with which each hospital will have to comply before being  
reimbursed by the Uncompensated Care Trust Fund. The bill also  
15 creates a subcommittee on auditing and collection practices  
within the Uncompensated Care Trust Fund Advisory Committee  
17 to monitor current procedures and to make recommendations to  
the advisory committee for changes in these procedures;

7. Adjusting reimbursement for treatment in an emergency  
19 room setting to reflect the level of care actually received by the  
21 emergency room patient; and

8. Requiring all full-time students at public and private  
23 institutions of higher education in this State to have health  
insurance coverage for basic hospital and medical services.

25

27

HEALTH

Health Care Facilities and Providers

29

Establishes "Uncompensated Care Trust Fund."

SENATE REVENUE, FINANCE AND  
APPROPRIATIONS COMMITTEE

STATEMENT TO

[FIRST REPRINT]

**SENATE, No. 2981**

with Senate committee amendments

**STATE OF NEW JERSEY**

DATED: NOVEMBER 21, 1988

The Senate Revenue, Finance and Appropriations Committee reported Senate Bill No. 2981 [1R] favorably, with committee amendments.

Senate Bill No. 2981 [1R], as amended, continues the "Uncompensated Care Trust Fund," for two years. The fund was previously created pursuant to P.L.1986, c.204 and that law expires on December 31, 1988. The bill also provides for ways to control the cost of uncompensated care for third party payers and purchasers of hospital services.

The bill provides that the Uncompensated Care Trust Fund shall be a nonlapsing, dedicated fund in the Department of Health established for the purpose of distributing payments to and from hospitals, as necessary, for the cost of uncompensated care in the State. The bill also continues the Uncompensated Care Trust Fund Advisory Committee and adds three additional members for a total of 22 members; two of whom have expertise in the area of health care financing and one of whom represents health maintenance organizations. The bill also continues the uncompensated care add-on but limits increases in the amount of uncompensated care costs that can be raised through the add-on.

Among the provisions of the bill which are not currently part of P.L.1986, c.204:

1. The Uncompensated Care Trust Fund Advisory Committee is directed to develop initiatives designed to contain the level of uncompensated care in this State and to expand health insurance coverage, and the advisory committee is directed to make recommendations to maximize federal, State and local participation in public assistance programs;

2. Employers who do not provide health insurance for their employees are required to provide technical assistance and information to employees interested in obtaining coverage for themselves and their dependents;

3. Since it is very likely that the State's Medicare waiver will not be continued in 1989, Medicare's reimbursement rates will no longer be set by the State and may be greater, in some cases, than the State's rates for the same procedure, or DRG, at a particular hospital. Accordingly, hospitals will be required to apply any "overpayments" from Medicare towards their uncompensated care costs;

4. Auditing and collection procedures are established in the bill, and each hospital is required to comply with the procedures before being reimbursed by the Uncompensated Care Trust Fund. The bill also creates a 12-member subcommittee on auditing and collection practices within the Uncompensated Care Trust Fund Advisory Committee to monitor current procedures and to make recommendations to the advisory committee for changes in these procedures;

5. Reimbursement for treatment in an emergency room setting will be adjusted to reflect the level of care actually received by the emergency room patient, so that services which are provided to emergency room patients who do not require those services on an emergency basis, are reimbursed at a rate appropriate for primary care;

6. All full-time students at public and private institutions of higher education in this State will be required to have health insurance coverage for basic hospital and medical services;

7. Hospitals are prohibited from advertising the availability of uncompensated care that is provided pursuant to this bill; and

8. The costs of certain advanced life support services shall be included in uncompensated care costs and reimbursement for mobile intensive care unit uncompensated care is limited to charity care uninsured patients.

The bill takes effect on December 31, 1988, so as to ensure continuity with the 1986 law, and expires in two years, on December 31, 1990.



COMMITTEE AMENDMENTS:

The committee amendments:

a. Clarify that the fund may be credited with any monies appropriated thereto instead of being limited to General Fund appropriations;

b. Clarify that in addition to the 3 new members, the 19 members of the Uncompensated Care Trust Fund Advisory Committee created pursuant to P.L.1986, c. 204 shall continue to serve their terms as part of the Committee created by this bill and that the same representation and manner of appointment of those members will continue to apply;

c. Clarify that the Hospital Rate Setting Commission may approve individual hospital rate increases for uncompensated care in addition to the add-on;

d. Require that the commissioner's report on the State cost of uncompensated care also be given to the Senate Revenue, Finance and Appropriations Committee and the General Assembly Appropriations Committee and that the report shall include the activities and accomplishments of the advisory committee as well as an alternative method of funding uncompensated care;

e. Include the costs of advanced life support services provided to medically indigent persons in the costs of uncompensated care. In addition, reimbursement for mobile intensive care unit uncompensated care shall only include uninsured charity care patients. Reimbursement shall exclude bad debt, the difference in a contractual allowance or any medical denials for a service; and

f. Require that the cost of advanced life support services provided by the University of Medicine and Dentistry of New Jersey University Hospital to uninsured charity care patients shall be considered uncompensated care.

Other amendments are clarifying or technical in nature.

FISCAL IMPACT

This bill contains no appropriation. The Department of Health estimates that the total cost of uncompensated care for FY 1989 is \$500,000,000. The State share of the Medicaid costs is

approximately \$42,500,000. There will be additional costs to the State as a result of being an employer, of approximately \$10,000,000 to \$11,000,000.

The provisions of P.L.1986, c.204 required that the \$15,000,000 appropriated therein be repaid to the General Fund. This bill provides that the amount remaining unpaid (approximately \$6,000,000) shall not be repaid. Instead, the moneys shall be used to subsidize a pilot health insurance program for small businesses. That money may not be expended until legislation establishing the pilot program is enacted.

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OFFICE OF THE GOVERNOR

**NEWS RELEASE**

Governor Thomas H. Kean  
TRENTON, N.J. 08625  
Release: WED., 1/11/89

CN-001

Contact: CARL GOLDEN  
609-292-8956 OR 609-292-6000 EXT. 207

Governor Thomas H. Kean today signed legislation to extend for another two years the state's uncompensated care trust fund to support payments to hospitals which provide medical care to indigent patients.

The legislation, S-2981, was signed by Kean at a ceremony in his outer office.

The bill was sponsored in the Senate by Senator Richard Codey, D-Essex. An identical bill was sponsored in the Assembly by Assemblyman Harold Colburn, R-Burlington.

"The Trust Fund renewal means that those in need of health care and cannot afford it will have access to it," Kean said. "For those hospitals providing health care on an uncompensated basis, this trust fund means the difference between maintaining services and closing their doors."

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REMARKS OF GOVERNOR THOMAS H. KEAN  
UNCOMPENSATED CARE BILL SIGNING  
TRENTON, NEW JERSEY  
WEDNESDAY, JANUARY 11, 1989

WE ARE HERE TODAY TO RENEW NEW JERSEY'S PLEDGE TO ANYONE WHO LIVES WITHIN OUR BORDER THAT THEY WILL ALWAYS BE ABLE TO SEE A DOCTOR WHEN THEY ARE SICK.

THAT SEEMS LIKE SOMETHING YOU CAN'T ARGUE WITH, IT SEEMS FUNDAMENTAL. BUT IN PLENTY OF PLACES AROUND THIS COUNTRY IF YOU DON'T HAVE THE MONEY, YOU CAN'T GO TO THE DOCTOR.

LET ME TELL YOU ABOUT SOMETHING THAT HAPPENED IN TENNESSEE. A MAN NAMED TERRY TAKEWELL WALKED INTO A HOSPITAL IN SOMERVILLE, TENNESSEE, IN APRIL 1986. HE WAS SUFFERING FROM PNEUMONIA AND THE HOSPITAL ADMITTED HIM.

THEN THEY RAN HIS NAME THROUGH THE COMPUTER AND FOUND OUT THAT TAKEWELL HADN'T PAID HIS LAST BILL. HE HAD A REASON: HE COULDN'T AFFORD TO.

BUT THAT WASN'T A GOOD ENOUGH REASON FOR THE HOSPITAL. SO THE ACTING HOSPITAL ADMINISTRATOR WALKED UP TO TAKEWELL, LYING IN HIS SICKBED, AND PULLED HIM -- LITERALLY -- OUT OF BED, DRAGGED HIM OUT THE DOOR, AND DUMPED HIM, WITHOUT EITHER A SHIRT OR SHOES, UNDER A TREE TO A DIE. TAKEWELL DID.

I WISH I COULD TELL YOU THAT STORIES LIKE THIS ARE UNIQUE, BUT I CANNOT. EACH YEAR 250,000 MEN, WOMEN AND CHILDREN ARE TURNED AWAY FROM HOSPITAL EMERGENCY ROOMS ACROSS THE COUNTRY BECAUSE THEY CANNOT PAY. RIGHT NOW IN PHILADELPHIA THERE IS A STORY UNFOLDING OF A MAN WHO NEEDS A HEART TRANSPLANT TO LIVE AND A HOSPITAL THAT WILL NOT ALLOW IT WITHOUT PAYMENT UP FRONT. THE MAN DOESN'T HAVE IT.

YOU KNOW, TERRY TAKEWELL WASN'T A LOAFER. HE HAD A JOB AND A MODEST MOBILE HOME IN A TRAILER PARK. HIS PROBLEM WAS THAT HE WASN'T POOR ENOUGH TO QUALIFY FOR MEDICAID OR WELL-OFF ENOUGH TO AFFORD HEALTH INSURANCE.

NATIONWIDE, THE NUMBER OF TERRY TAKEWELLS HAS INCREASED IN THIS DECADE. BETWEEN 1976 AND 1986, THE NUMBER OF PEOPLE WITH HEALTH INSURANCE DROPPED BY 35 PERCENT.

HERE IN NEW JERSEY WE HAVE MANY, MANY PEOPLE WHO FIND THEMSELVES IN THE SAME NICHE AS TERRY TAKEWELL. ROUGHLY ONE OUT OF EVERY 10 NEW JERSEYANS DOES NOT HAVE HEALTH INSURANCE. BUT WHILE THEY MAY FIND THEMSELVES IN THE SAME NICHE, THEY DO NOT FIND THEMSELVES IN THE SAME TOUGH SPOT.

WHY? BECAUSE TWO YEARS AGO WE MADE A COMMITMENT TO THE PEOPLE OF OUR STATE TO MAKE SURE THEY WOULD NEVER SUFFER THE FATE OF TERRY TAKEWELL. WE MADE A PLEDGE TO MAKE SURE THAT NO ONE WOULD EVER BE LEFT TO DIE UNDER A TREE BECAUSE THEY COULDN'T AFFORD TO SEE A DOCTOR. WE ENACTED THE UNCOMPENSATED CARE TRUST FUND.

PERIODICALLY, POLLSTERS ASK AMERICANS WHETHER THEY BELIEVE EVERYONE SHOULD HAVE ACCESS TO HEALTH CARE. NOT SURPRISINGLY, THE OVERWHELMING MAJORITY SAY YES. IN FACT, ABOUT A YEAR AGO ONE POLL FOUND THAT 89 PERCENT OF THE PEOPLE POLLED AGREED ON THE NEED FOR ACCESS TO ADEQUATE CARE.

THOSE POLLS SHOW SOMETHING ELSE. WHEN THE VERY SAME PEOPLE WERE ASKED WHETHER THEY WERE WILLING TO PAY A SMALL TAX TO PROVIDE CARE FOR THOSE WITHOUT, THE PERCENTAGE FELL AMAZINGLY. IN FACT 56 PERCENT OF THE PEOPLE SAID THEY WERE UNWILLING TO CONTRIBUTE NO MORE THAN \$25 -- 50 CENTS A WEEK -- SO THAT THEIR NEIGHBORS COULD SEE A DOCTOR. MORE THAN HALF SAID THEY WOULD NOT BE THEIR BROTHERS' KEEPER.

THAT SORT OF SELFISHNESS HAS NEVER SURFACED IN NEW JERSEY. WHEN NEW JERSEYANS SAID NO ONE SHOULD BE TURNED AWAY FROM A DOCTOR BECAUSE THEY COULD NOT AFFORD IT, WE PUT OUR MONEY WHERE OUR MOUTHS WERE.

WE CREATED THE UNCOMPENSATED CARE TRUST FUND TO PAY THE HOSPITAL BILLS OUR WORKING POOR INCUR -- THE FIRST SUCH PROGRAM IN THE COUNTRY. AS A RESULT, THREE-FOURTHS OF THE UNINSURED PATIENTS IN OUR STATE SAW DOCTORS LAST YEAR, A MARK ALMOST 50 PERCENT HIGHER THAN THE NATIONAL AVERAGE.

THE TRUST FUND DOES MORE, TOO. WHEN WE CREATED THE TRUST FUND, WE PUT A SYSTEM IN PLACE THAT KEEPS THE HOSPITALS WHO TREAT MOST OF THESE PATIENTS FROM GOING OUT OF BUSINESS. AND BY CREATING THIS HUMANE SYSTEM, WE AVOIDED THE UNSEEMLY SPECTRE OF PATIENT DUMPING.

SENATOR RICHARD CODEY, ASSEMBLYMAN HAROLD COLBURN AND ASSEMBLYWOMAN STEPHANIE BUSH WORKED HARD TO GIVE US A LAW THAT IS HUMANE AND JUST. THEY DID A GOOD JOB, AND IN JUST A MOMENT I WILL SIGN THIS BILL.

WHEN DOCTOR JONAS SALK RECEIVED A MEDAL FROM PRESIDENT EISENHOWER IN 1956 FOR DISCOVERING THE POLIO VACCINE, HE SAID, "I FEEL THAT THE GREATEST REWARD FOR DOING IS THE OPPORTUNITY TO DO MORE."

WE HAVE DONE WELL BY EXTENDING THE UNCOMPENSATED CARE POOL. BUT THE GREATER OPPORTUNITIES AWAIT US. I LOOK FORWARD TO MEETING THEM WITH YOU.