

26:2H-18.57

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2010 **CHAPTER:** 23

NJSA: 26:2H-18.57 (Removes cap on .53% hospital total operating revenue assessment and raises cap on ambulatory care facility gross receipts assessment to increase charity care subsidy monies)

BILL NO: A3003 (Substituted for S2143)

SPONSOR(S) Malone and others

DATE INTRODUCED: June 24, 2010

COMMITTEE: **ASSEMBLY:** Budget

SENATE: ---

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** June 28, 2010

SENATE: June 28, 2010

DATE OF APPROVAL: June 29, 2010

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (Introduced version of bill enacted)

A3003

SPONSOR'S STATEMENT: (Begins on page 5 of introduced bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes

SENATE: No

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes

S2143/A3070

SPONSOR'S STATEMENTS**2143:** (Begins on page 5 of introduced bill) Yes

SPONSOR'S STATEMENTS**3070:** (Begins on page 5 of introduced bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: Yes

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes

(continued)

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

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REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: No

OTHER No

LAW/KR

ASSEMBLY, No. 3003

STATE OF NEW JERSEY

214th LEGISLATURE

INTRODUCED JUNE 24, 2010

Sponsored by:

Assemblyman JOSEPH R. MALONE, III
District 30 (Burlington, Mercer, Monmouth and Ocean)

Co-Sponsored by:

Senator T. Kean

SYNOPSIS

Removes cap on .53% hospital total operating revenue assessment and raises cap on ambulatory care facility gross receipts assessment to increase charity care subsidy monies.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/29/2010)

A3003 MALONE

2

1 AN ACT concerning funding for charity care subsidies and
2 amending P.L.1992, c.160.

3

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

6

7 1. Section 7 of P.L.1992, c.160 (C.26:2H-18.57) is amended to
8 read as follows:

9 7. a. Effective January 1, 1994, the Department of Health and
10 Senior Services shall assess each hospital a per adjusted admission
11 charge of \$10.00.

12 Of the revenues raised by the hospital per adjusted admission
13 charge, \$5.00 per adjusted admission shall be used by the
14 department to carry out its duties pursuant to P.L.1992, c.160
15 (C.26:2H-18.51 et al.) and \$5.00 per adjusted admission shall be
16 used by the department for administrative costs related to health
17 planning.

18 b. Effective July 1, 2004, the department shall assess each
19 licensed ambulatory care facility that is licensed to provide one or
20 more of the following ambulatory care services: ambulatory
21 surgery, computerized axial tomography, comprehensive outpatient
22 rehabilitation, extracorporeal shock wave lithotripsy, magnetic
23 resonance imaging, megavoltage radiation oncology, positron
24 emission tomography, orthotripsy and sleep disorder services. The
25 Commissioner of Health and Senior Services may, by regulation,
26 add additional categories of ambulatory care services that shall be
27 subject to the assessment if such services are added to the list of
28 services provided in N.J.A.C.8:43A-2.2(b) after the effective date
29 of P.L.2004, c.54.

30 The assessment established in this subsection shall not apply to
31 an ambulatory care facility that is licensed to a hospital in this State
32 as an off-site ambulatory care service facility.

33 (1) For Fiscal Year 2005, the assessment on an ambulatory care
34 facility providing one or more of the services listed in this
35 subsection shall be based on gross receipts for the 2003 tax year as
36 follows:

37 (a) a facility with less than \$300,000 in gross receipts shall not
38 pay an assessment; and

39 (b) a facility with at least \$300,000 in gross receipts shall pay an
40 assessment equal to 3.5% of its gross receipts or \$200,000,
41 whichever amount is less.

42 The commissioner shall provide notice no later than August 15,
43 2004 to all facilities that are subject to the assessment that the first
44 payment of the assessment is due October 1, 2004 and that proof of
45 gross receipts for the facility's tax year ending in calendar year 2003

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.

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1 shall be provided by the facility to the commissioner no later than
2 September 15, 2004. If a facility fails to provide proof of gross
3 receipts by September 15, 2004, the facility shall be assessed the
4 maximum rate of \$200,000 for Fiscal Year 2005.

5 The Fiscal Year 2005 assessment shall be payable to the
6 department in four installments, with payments due October 1,
7 2004, January 1, 2005, March 15, 2005 and June 15, 2005.

8 (2) For Fiscal Year 2006, the commissioner shall use the
9 calendar year 2004 data submitted in accordance with subsection c.
10 of this section to calculate a uniform gross receipts assessment rate
11 for each facility with gross receipts over \$300,000 that is subject to
12 the assessment, except that no facility shall pay an assessment
13 greater than \$200,000. The rate shall be calculated so as to raise the
14 same amount in the aggregate as was assessed in Fiscal Year 2005.
15 A facility shall pay its assessment to the department in four
16 payments in accordance with a timetable prescribed by the
17 commissioner.

18 (3) Beginning in Fiscal Year 2007 and for each fiscal year
19 thereafter through Fiscal Year 2010, the uniform gross receipts
20 assessment rate calculated in accordance with paragraph (2) of this
21 subsection shall be applied to each facility subject to the assessment
22 with gross receipts over \$300,000, as those gross receipts are
23 documented in the facility's most recent annual report to the
24 department, except that no facility shall pay an assessment greater
25 than \$200,000. A facility shall pay its annual assessment to the
26 department in four payments in accordance with a timetable
27 prescribed by the commissioner.

28 (4) Beginning in Fiscal Year 2011 and for each fiscal year
29 thereafter, the uniform gross receipts assessment shall be applied at
30 the rate of 2.95% to each facility subject to the assessment with
31 gross receipts over \$300,000, as those gross receipts are
32 documented in the facility's most recent annual report submitted to
33 the department pursuant to subsection c. of this section, except that
34 no facility shall pay an assessment greater than \$350,000. A
35 facility shall pay its annual assessment to the department in four
36 payments in accordance with a timetable prescribed by the
37 commissioner.

38 c. Each ambulatory care facility that is subject to the
39 assessment provided in subsection b. of this section shall submit an
40 annual report including, at a minimum, data on volume of patient
41 visits, charges, and gross revenues, by payer type, for patient
42 services, beginning with calendar year 2004 data. The annual
43 report shall be submitted to the department according to a timetable
44 and in a form and manner prescribed by the commissioner.

45 The department may audit selected annual reports in order to
46 determine their accuracy.

47 d. (1) If, upon audit as provided for in subsection c. of this
48 section, it is determined that an ambulatory care facility understated

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1 its gross receipts in its annual report to the department, the facility's
2 assessment for the fiscal year that was based on the defective report
3 shall be retroactively increased to the appropriate amount and the
4 facility shall be liable for a penalty in the amount of the difference
5 between the original and corrected assessment.

6 (2) A facility that fails to provide the information required
7 pursuant to subsection c. of this section shall be liable for a civil
8 penalty not to exceed \$500 for each day in which the facility is not
9 in compliance.

10 (3) A facility that is operating one or more of the ambulatory
11 care services listed in subsection b. of this section without a license
12 from the department, on or after July 1, 2004, shall be liable for
13 double the amount of the assessment provided for in subsection b.
14 of this section, in addition to such other penalties as the department
15 may impose for operating an ambulatory care facility without a
16 license.

17 (4) The commissioner shall recover any penalties provided for
18 in this subsection in an administrative proceeding in accordance
19 with the "Administrative Procedure Act," P.L.1968, c.410
20 (C.52:14B-1 et seq.).

21 e. The revenues raised by the ambulatory care facility
22 assessment pursuant to this section shall be deposited in the Health
23 Care Subsidy Fund established pursuant to section 8 of P.L.1992,
24 c.160 (C.26:2H-18.58).

25 (cf: P.L.2004, c.54, s.1)

26

27 2. Section 12 of P.L.1992, c.160 (C.26:2H-18.62) is amended
28 to read as follows:

29 12. a. (Deleted by amendment, P.L.2005, c.237).

30 b. (Deleted by amendment, P.L.2005, c.237).

31 c. (1) Notwithstanding any law to the contrary, each general
32 hospital and each specialty heart hospital shall pay .53% of its total
33 operating revenue to the department for deposit in the Health Care
34 Subsidy Fund[, except that the amount to be paid by a hospital in a
35 given year shall be prorated by the department so as not to exceed
36 the \$40 million limit set forth in this subsection]. The hospital
37 shall make monthly payments to the department beginning July 1,
38 1993[, except that the total amount paid into the Health Care
39 Subsidy Fund plus interest shall not exceed \$40 million per year].
40 The commissioner shall determine the manner in which the
41 payments shall be made.

42 For the purposes of this subsection, "total operating revenue"
43 shall be defined by the department in accordance with financial
44 reporting requirements established pursuant to N.J.A.C.8:31B-3.3
45 and shall include revenue from any ambulatory care facility that is
46 licensed to a general hospital as an off-site ambulatory care service
47 facility.

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1 (2) The commissioner shall allocate the monies paid by
2 hospitals pursuant to paragraph (1) of this subsection as follows:

3 (a) In State fiscal years 2006 and 2007, \$35 million of those
4 monies shall be allocated to the support of federally qualified health
5 centers in this State, and the remainder shall be allocated to the
6 support of (i) the infant mortality reduction program in the
7 Department of Health and Senior Services, (ii) the primary care
8 physician and dentist loan redemption program established in the
9 Higher Education Student Assistance Authority by article 3 of
10 P.L.1999, c.46 (C.18A:71C-32 et seq.), and (iii) the development
11 and use of health information electronic data interchange
12 technology pursuant to P.L.1999, c.154 (C.17B:30-23 et al.); and

13 (b) In State fiscal year 2008 and thereafter, **[the entire amount]**
14 \$40 million of those monies shall be allocated to the support of
15 federally qualified health centers in this State.

16 Monies allocated to the support of federally qualified health
17 centers in the State under this paragraph shall be used for the
18 purpose of compensating them for health care services provided to
19 uninsured patients.

20 d. The monies paid by the hospitals and allocated under
21 subsection c. of this section for the support of federally qualified
22 health centers shall be credited to the federally qualified health
23 centers account.

24 e. (1) Monies paid by hospitals under subsection c. of this
25 section in excess of \$40 million, federal matching funds received on
26 account of such monies, and interest received on such payments and
27 funds shall be allocated exclusively to support funding to hospitals.

28 (2) In the event that any approval, application, or other
29 condition necessary for the implementation of this subsection and
30 the distribution of funds pursuant thereto consistent with the Fiscal
31 Year 2011 annual appropriations act is not obtained, granted, or
32 satisfied, the Departments of Health and Senior Services and
33 Human Services shall jointly prepare a plan concerning charity care
34 and related hospital funding, which shall be subject to the approval
35 of the Joint Budget Oversight Committee.

36 (cf: P.L.2005, c.237, s.2)

37

38 3. This act shall take effect July 1, 2010.

39

40

41

STATEMENT

42

43 The Governor's proposed FY 2011 budget recommends the
44 enactment of legislation to amend current law by uncapping the
45 assessment imposed on hospitals and raising the cap on the
46 assessment on certain ambulatory care facilities in order to generate
47 additional State funds to draw down a greater amount of federal
48 matching funds for the purposes of increasing charity care funding.

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1 Section 12 of P.L.1992, c.160 (C.26:2H-18.62) currently
2 provides for an annual assessment of .53% on a hospital's total
3 operating revenue, not to exceed a total of \$40 million for all
4 hospitals. Section 7 of P.L.1992, c.160 (C.26:2H-18.57) provides
5 for an assessment on the gross receipts of certain ambulatory care
6 facilities, with a per facility cap of \$200,000. Ambulatory care
7 facilities that are subject to the assessment include facilities with
8 gross receipts over \$300,000 that provide the following ambulatory
9 care services: ambulatory surgery, computerized axial tomography,
10 comprehensive outpatient rehabilitation, extracorporeal shock wave
11 lithotripsy, magnetic resonance imaging, megavoltage radiation
12 oncology, positron emission tomography, orthotripsy, and sleep
13 disorder services.

14 Specifically, the bill provides as follows:

- 15 • The \$40 million cap on the hospital assessment is removed,
16 and the \$200,000 cap on the ambulatory care facility
17 assessment is raised to \$350,000.
- 18 • With respect to the .53% assessment, monies paid by
19 hospitals in excess of \$40 million, federal matching funds
20 received on account of such monies, and interest received on
21 such payments and funds shall be allocated exclusively to
22 support funding to hospitals. In the event that any approval,
23 application, or other condition necessary for the
24 implementation of this provision and the distribution of
25 funds pursuant thereto consistent with the Fiscal Year 2011
26 annual appropriations act is not obtained, granted, or
27 satisfied, the Departments of Health and Senior Services and
28 Human Services shall jointly prepare a plan concerning
29 charity care and related hospital funding, which shall be
30 subject to the approval of the Joint Budget Oversight
31 Committee.
- 32 • With respect to the ambulatory care facility gross receipts
33 assessment, the assessment shall be applied at the rate of
34 2.95%, beginning July 1, 2010.

35 It is anticipated that this legislation will generate increased
36 revenue, which will be matched with federal funding and
37 redistributed to hospitals.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3003

STATE OF NEW JERSEY

DATED: JUNE 24, 2010

The Assembly Budget Committee reports favorably Assembly Bill No. 3003.

The bill amends current law by uncapping the .53% assessment imposed on a hospital's operating revenue and raising the cap on the gross receipts assessment on certain ambulatory care facilities in order to generate additional State funds to draw down a greater amount of federal matching funds for the purposes of increasing charity care funding.

Specifically, the bill provides as follows:

- The \$40 million cap on the .53% assessment on a hospital's total operating revenue, established pursuant to section 12 of P.L.1992, c.160 (C.26:2H-18.62), is removed.
- Any monies paid by hospitals in excess of \$40 million, federal matching funds received on account of such monies, and interest received on such payments and funds shall be allocated exclusively to support funding to hospitals. (The first \$40 million is allocated, by statute, to the support of federally qualified health centers.) In the event that any approval, application, or other condition necessary for the implementation of this allocation to hospitals and the distribution of funds pursuant thereto consistent with the Fiscal Year 2011 annual appropriations act is not obtained, granted, or satisfied, the Departments of Health Senior Services and Human Services shall jointly prepare a plan concerning charity care and related hospital funding, which shall be subject to the approval of the Joint Budget Oversight Committee.
- With respect to the ambulatory care facility gross receipts assessment, established pursuant to section 7 of P.L.1992, c.160 (C.26:2H-18.57), the per facility assessment cap of \$200,000 is increased to \$350,000. Ambulatory care facilities that are subject to the assessment include facilities with gross receipts over \$300,000 that provide the following ambulatory care services: ambulatory surgery, computerized axial tomography, comprehensive outpatient rehabilitation, extracorporeal shock wave lithotripsy, magnetic resonance

imaging, megavoltage radiation oncology, positron emission tomography, orthotripsy, and sleep disorder services.

- The assessment shall be applied at the rate of 2.95%, beginning July 1, 2010.

FISCAL IMPACT:

The Office of Legislative Services cannot determine the fiscal impact of this bill at this time.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 3003
STATE OF NEW JERSEY
214th LEGISLATURE

DATED: JULY 23, 2010

SUMMARY

Synopsis: Removes cap on .53 percent hospital total operating revenue assessment and raises cap on ambulatory care facility gross receipts assessment to increase charity care subsidy monies.

Type of Impact: Increase in revenues realized by the State.

Agencies Affected: Department of Health and Senior Services.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Revenues:			
.53 percent Assessment	\$38.7 million est.	\$51.6 million est.	\$51.6 million est.
Ambulatory Care Assessment	Unable to determine.	Unable to determine.	Unable to determine.

- Additional Federal funds through the Disproportionate Share (DSH) program may be generated so long as the State does not exceed the maximum amount of federal DSH funds available, approximately \$665.1million, in federal FY 2010. The amount of federal DSH funds available to New Jersey in subsequent fiscal years may be less than the amount available in federal FY 2010.

BILL DESCRIPTION

Assembly Bill No. 3003 of 2010 implements recommendations contained in the Governor's recommended FY 2011 budget as it pertains to Charity Care and provides the revenues to increase Charity Care funding. Specifically:

- The \$40 million cap on the amount of revenues raised by the 0.53 percent assessment on the total operating revenue of each general hospital and each specialty heart hospital is eliminated; and
- Certain ambulatory care facilities with gross receipts over \$300,000 will be subject to a 2.95 percent gross receipts assessment, up to a maximum assessment of \$350,000.

FISCAL ANALYSIS

EXECUTIVE BRANCH

No information has been provided.

OFFICE OF LEGISLATIVE SERVICES

0.53 percent Assessment. Available information indicates that removing the \$40 million cap would generate approximately \$38.7 million in FY 2011 and \$51.6 million in subsequent fiscal years. The actual amount realized will depend on the actual operating revenues of each general hospital and each specialty heart hospital.

Ambulatory Care Facility Assessment. The amount of revenues that may be generated by a 2.95 percent gross receipts assessment on ambulatory care facilities with gross receipts over \$300,000, up to maximum assessment of \$350,000, is not known. The Office of Legislative Services has no information as to the gross receipts of ambulatory care facilities.

Available information indicates that the Governor's recommended budget assumed approximately \$6.3 million in additional revenues by lifting the existing \$200,000 cap paid by ambulatory care facilities. As this legislation alters the Governor's recommendation, by capping the assessment at \$350,000, the amount of ambulatory care facility assessment revenues will likely be less than \$6.3 million.

Federal Funds. The Governor's FY 2011 recommended budget had assumed that the \$45 million in additional State revenues generated by changes to the 0.53 percent assessment and the Ambulatory Care Facility Assessment would generate an additional \$45 million in federal DSH revenues.

The receipt of additional revenues by eliminating the \$40 million cap on revenues from the 0.53 percent assessment is subject to federal approval. The State will be submitting a Medicaid State Plan Amendment to the federal government and will provide the federal government with such documentation as is required in support of the amendment.

Depending on the amount of additional revenues actually generated by the Ambulatory Care Facility Assessment, the State may realize less total federal DSH revenues.

It is also assumed that the revenues generated will be within the \$665.1 million cap on federal DSH expenditures for federal FY 2010, otherwise additional federal DSH funds will not be available. In subsequent federal fiscal years, the amount of federal DSH funds available to New Jersey may be less than \$665.1 million and this may result in federal DSH funds not being available for these \$45 million +/- in revenues.

A3003

3

Section: Human Services

*Analyst: Jay Hershberg
Principal Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

SENATE, No. 2143

STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED JUNE 21, 2010

Sponsored by:

Senator THOMAS H. KEAN, JR.

District 21 (Essex, Morris, Somerset and Union)

SYNOPSIS

Removes cap on .53% hospital total operating revenue assessment and raises cap on ambulatory care facility gross receipts assessment to increase charity care subsidy monies.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning funding for charity care subsidies and
2 amending P.L.1992, c.160.

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

6

7 1. Section 7 of P.L.1992, c.160 (C.26:2H-18.57) is amended to
8 read as follows:

9 7. a. Effective January 1, 1994, the Department of Health and
10 Senior Services shall assess each hospital a per adjusted admission
11 charge of \$10.00.

12 Of the revenues raised by the hospital per adjusted admission
13 charge, \$5.00 per adjusted admission shall be used by the
14 department to carry out its duties pursuant to P.L.1992, c.160
15 (C.26:2H-18.51 et al.) and \$5.00 per adjusted admission shall be
16 used by the department for administrative costs related to health
17 planning.

18 b. Effective July 1, 2004, the department shall assess each
19 licensed ambulatory care facility that is licensed to provide one or
20 more of the following ambulatory care services: ambulatory
21 surgery, computerized axial tomography, comprehensive outpatient
22 rehabilitation, extracorporeal shock wave lithotripsy, magnetic
23 resonance imaging, megavoltage radiation oncology, positron
24 emission tomography, orthotripsy and sleep disorder services. The
25 Commissioner of Health and Senior Services may, by regulation,
26 add additional categories of ambulatory care services that shall be
27 subject to the assessment if such services are added to the list of
28 services provided in N.J.A.C.8:43A-2.2(b) after the effective date
29 of P.L.2004, c.54.

30 The assessment established in this subsection shall not apply to
31 an ambulatory care facility that is licensed to a hospital in this State
32 as an off-site ambulatory care service facility.

33 (1) For Fiscal Year 2005, the assessment on an ambulatory care
34 facility providing one or more of the services listed in this
35 subsection shall be based on gross receipts for the 2003 tax year as
36 follows:

37 (a) a facility with less than \$300,000 in gross receipts shall not
38 pay an assessment; and

39 (b) a facility with at least \$300,000 in gross receipts shall pay an
40 assessment equal to 3.5% of its gross receipts or \$200,000,
41 whichever amount is less.

42 The commissioner shall provide notice no later than August 15,
43 2004 to all facilities that are subject to the assessment that the first
44 payment of the assessment is due October 1, 2004 and that proof of

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 gross receipts for the facility's tax year ending in calendar year 2003
2 shall be provided by the facility to the commissioner no later than
3 September 15, 2004. If a facility fails to provide proof of gross
4 receipts by September 15, 2004, the facility shall be assessed the
5 maximum rate of \$200,000 for Fiscal Year 2005.

6 The Fiscal Year 2005 assessment shall be payable to the
7 department in four installments, with payments due October 1,
8 2004, January 1, 2005, March 15, 2005 and June 15, 2005.

9 (2) For Fiscal Year 2006, the commissioner shall use the
10 calendar year 2004 data submitted in accordance with subsection c.
11 of this section to calculate a uniform gross receipts assessment rate
12 for each facility with gross receipts over \$300,000 that is subject to
13 the assessment, except that no facility shall pay an assessment
14 greater than \$200,000. The rate shall be calculated so as to raise the
15 same amount in the aggregate as was assessed in Fiscal Year 2005.
16 A facility shall pay its assessment to the department in four
17 payments in accordance with a timetable prescribed by the
18 commissioner.

19 (3) Beginning in Fiscal Year 2007 and for each fiscal year
20 thereafter through Fiscal Year 2010, the uniform gross receipts
21 assessment rate calculated in accordance with paragraph (2) of this
22 subsection shall be applied to each facility subject to the assessment
23 with gross receipts over \$300,000, as those gross receipts are
24 documented in the facility's most recent annual report to the
25 department, except that no facility shall pay an assessment greater
26 than \$200,000. A facility shall pay its annual assessment to the
27 department in four payments in accordance with a timetable
28 prescribed by the commissioner.

29 (4) Beginning in Fiscal Year 2011 and for each fiscal year
30 thereafter, the uniform gross receipts assessment shall be applied at
31 the rate of 2.95% to each facility subject to the assessment with
32 gross receipts over \$300,000, as those gross receipts are
33 documented in the facility's most recent annual report submitted to
34 the department pursuant to subsection c. of this section, except that
35 no facility shall pay an assessment greater than \$350,000. A
36 facility shall pay its annual assessment to the department in four
37 payments in accordance with a timetable prescribed by the
38 commissioner.

39 c. Each ambulatory care facility that is subject to the
40 assessment provided in subsection b. of this section shall submit an
41 annual report including, at a minimum, data on volume of patient
42 visits, charges, and gross revenues, by payer type, for patient
43 services, beginning with calendar year 2004 data. The annual
44 report shall be submitted to the department according to a timetable
45 and in a form and manner prescribed by the commissioner.

46 The department may audit selected annual reports in order to
47 determine their accuracy.

1 d. (1) If, upon audit as provided for in subsection c. of this
2 section, it is determined that an ambulatory care facility understated
3 its gross receipts in its annual report to the department, the facility's
4 assessment for the fiscal year that was based on the defective report
5 shall be retroactively increased to the appropriate amount and the
6 facility shall be liable for a penalty in the amount of the difference
7 between the original and corrected assessment.

8 (2) A facility that fails to provide the information required
9 pursuant to subsection c. of this section shall be liable for a civil
10 penalty not to exceed \$500 for each day in which the facility is not
11 in compliance.

12 (3) A facility that is operating one or more of the ambulatory
13 care services listed in subsection b. of this section without a license
14 from the department, on or after July 1, 2004, shall be liable for
15 double the amount of the assessment provided for in subsection b.
16 of this section, in addition to such other penalties as the department
17 may impose for operating an ambulatory care facility without a
18 license.

19 (4) The commissioner shall recover any penalties provided for
20 in this subsection in an administrative proceeding in accordance
21 with the "Administrative Procedure Act," P.L.1968, c.410
22 (C.52:14B-1 et seq.).

23 e. The revenues raised by the ambulatory care facility
24 assessment pursuant to this section shall be deposited in the Health
25 Care Subsidy Fund established pursuant to section 8 of P.L.1992,
26 c.160 (C.26:2H-18.58).

27 (cf: P.L.2004, c.54, s.1)

28

29 2. Section 12 of P.L.1992, c.160 (C.26:2H-18.62) is amended
30 to read as follows:

31 12. a. (Deleted by amendment, P.L.2005, c.237).

32 b. (Deleted by amendment, P.L.2005, c.237).

33 c. (1) Notwithstanding any law to the contrary, each general
34 hospital and each specialty heart hospital shall pay .53% of its total
35 operating revenue to the department for deposit in the Health Care
36 Subsidy Fund], except that the amount to be paid by a hospital in a
37 given year shall be prorated by the department so as not to exceed
38 the \$40 million limit set forth in this subsection]. The hospital
39 shall make monthly payments to the department beginning July 1,
40 1993], except that the total amount paid into the Health Care
41 Subsidy Fund plus interest shall not exceed \$40 million per year].
42 The commissioner shall determine the manner in which the
43 payments shall be made.

44 For the purposes of this subsection, "total operating revenue"
45 shall be defined by the department in accordance with financial
46 reporting requirements established pursuant to N.J.A.C.8:31B-3.3
47 and shall include revenue from any ambulatory care facility that is

1 licensed to a general hospital as an off-site ambulatory care service
2 facility.

3 (2) The commissioner shall allocate the monies paid by
4 hospitals pursuant to paragraph (1) of this subsection as follows:

5 (a) In State fiscal years 2006 and 2007, \$35 million of those
6 monies shall be allocated to the support of federally qualified health
7 centers in this State, and the remainder shall be allocated to the
8 support of (i) the infant mortality reduction program in the
9 Department of Health and Senior Services, (ii) the primary care
10 physician and dentist loan redemption program established in the
11 Higher Education Student Assistance Authority by article 3 of
12 P.L.1999, c.46 (C.18A:71C-32 et seq.), and (iii) the development
13 and use of health information electronic data interchange
14 technology pursuant to P.L.1999, c.154 (C.17B:30-23 et al.); and

15 (b) In State fiscal year 2008 and thereafter, the entire amount of
16 those monies shall be allocated to the support of federally qualified
17 health centers in this State.

18 Monies allocated to the support of federally qualified health
19 centers in the State under this paragraph shall be used for the
20 purpose of compensating them for health care services provided to
21 uninsured patients.

22 d. The monies paid by the hospitals and allocated under
23 subsection c. of this section for the support of federally qualified
24 health centers shall be credited to the federally qualified health
25 centers account.

26 e. (1) Monies paid by hospitals under subsection c. of this
27 section in excess of \$40 million, federal matching funds received on
28 account of such monies, and interest received on such payments and
29 funds shall be allocated exclusively to support funding to hospitals.

30 (2) In the event that any approval, application, or other
31 condition necessary for the implementation of this subsection and
32 the distribution of funds pursuant thereto consistent with the Fiscal
33 Year 2011 annual appropriations act is not obtained, granted, or
34 satisfied, the Departments of Health Senior Services and Human
35 Services shall jointly prepare a plan concerning charity care and
36 related hospital funding, which shall be subject to the approval of
37 the Joint Budget Oversight Committee.

38 (cf: P.L.2005, c.237, s.2)

39

40 3. This act shall take effect July 1, 2010.

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42

43

STATEMENT

44

45 The Governor's proposed FY 2011 budget recommends the
46 enactment of legislation to amend current law by uncapping the
47 assessment imposed on hospitals and raising the cap on the
48 assessment on certain ambulatory care facilities in order to generate

1 additional State funds to draw down a greater amount of federal
2 matching funds for the purposes of increasing charity care funding.

3 Section 12 of P.L.1992, c.160 (C.26:2H-18.62) currently
4 provides for an annual assessment of .53% on a hospital's total
5 operating revenue, not to exceed a total of \$40 million for all
6 hospitals. Section 7 of P.L.1992, c.160 (C.26:2H-18.57) provides
7 for an assessment on the gross receipts of certain ambulatory care
8 facilities, with a per facility cap of \$200,000. Ambulatory care
9 facilities that are subject to the assessment include facilities with
10 gross receipts over \$300,000 that provide the following ambulatory
11 care services: ambulatory surgery, computerized axial tomography,
12 comprehensive outpatient rehabilitation, extracorporeal shock wave
13 lithotripsy, magnetic resonance imaging, megavoltage radiation
14 oncology, positron emission tomography, orthotripsy, and sleep
15 disorder services.

16 Specifically, the bill provides as follows:

- 17 • The \$40 million cap on the hospital assessment is removed,
18 and the \$200,000 cap on the ambulatory care facility
19 assessment is raised to \$350,000.
- 20 • With respect to the .53% assessment, monies paid by
21 hospitals in excess of \$40 million, federal matching funds
22 received on account of such monies, and interest received on
23 such payments and funds shall be allocated exclusively to
24 support funding to hospitals. In the event that any approval,
25 application, or other condition necessary for the
26 implementation of this provision and the distribution of
27 funds pursuant thereto consistent with the Fiscal Year 2011
28 annual appropriations act is not obtained, granted, or
29 satisfied, the Departments of Health Senior Services and
30 Human Services shall jointly prepare a plan concerning
31 charity care and related hospital funding, which shall be
32 subject to the approval of the Joint Budget Oversight
33 Committee.
- 34 • With respect to the ambulatory care facility gross receipts
35 assessment, the assessment shall be applied at the rate of
36 2.95%, beginning July 1, 2010.

37 It is anticipated that this legislation will generate increased
38 revenue, which will be matched with federal funding and
39 redistributed to hospitals.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2143

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 23, 2010

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2143, with committee amendments.

As amended by committee, this bill amends current law by uncapping the .53% assessment imposed on a hospital's operating revenue and raising the cap on the gross receipts assessment on certain ambulatory care facilities in order to generate additional State funds to draw down a greater amount of federal matching funds for the purposes of increasing charity care funding.

Specifically, the bill provides as follows:

- The \$40 million cap on the .53% assessment on a hospital's total operating revenue, established pursuant to section 12 of P.L.1992, c.160 (C.26:2H-18.62), is removed.
- Any monies paid by hospitals in excess of \$40 million, federal matching funds received on account of such monies, and interest received on such payments and funds shall be allocated exclusively to support funding to hospitals. (The first \$40 million is allocated, by statute, to the support of federally qualified health centers.) In the event that any approval, application, or other condition necessary for the implementation of this allocation to hospitals and the distribution of funds pursuant thereto consistent with the Fiscal Year 2011 annual appropriations act is not obtained, granted, or satisfied, the Departments of Health Senior Services and Human Services shall jointly prepare a plan concerning charity care and related hospital funding, which shall be subject to the approval of the Joint Budget Oversight Committee.
- With respect to the ambulatory care facility gross receipts assessment, established pursuant to section 7 of P.L.1992, c.160 (C.26:2H-18.57), the per facility assessment cap of \$200,000 is increased to \$350,000. Ambulatory care facilities that are subject to the assessment include facilities with gross receipts over \$300,000 that provide the following ambulatory care services: ambulatory surgery, computerized axial tomography, comprehensive outpatient rehabilitation,

extracorporeal shock wave lithotripsy, magnetic resonance imaging, megavoltage radiation oncology, positron emission tomography, orthotripsy, and sleep disorder services.

- The assessment shall be applied at the rate of 2.95%, beginning July 1, 2010.

COMMITTEE AMENDMENTS:

The committee adopted a technical amendment to clarify that the first \$40 million collected through the .53% hospital assessment would be allocated to federally qualified health centers, as the law currently provides, and any monies paid by hospitals in excess of that amount would be allocated to support funding to hospitals.

FISCAL IMPACT:

0.53% Assessment: Available information indicates that removing the \$40 million cap would generate approximately \$38.7 million in FY 2011 and \$51.6 million in subsequent fiscal years. The actual amount realized will depend on the actual operating revenues of each general hospital and each specialty heart hospital.

Ambulatory Care Facility Assessment. The amount of revenues that may be generated by a 2.95% gross receipts assessment on ambulatory care facilities with gross receipts over \$300,000, up to maximum assessment of \$350,000, is not known. The Office of Legislative Services has no information as to the gross receipts of ambulatory care facilities. Available information indicates that the Governor's recommended budget assumed approximately \$6.3 million in additional revenues by lifting the existing \$200,000 cap paid by ambulatory care facilities. As this legislation alters the Governor's recommendation, by capping the assessment at \$350,000, the amount of ambulatory care facility assessment revenues will likely be less than \$6.3 million.

Federal Funds. The Governor's FY 2011 recommended budget had assumed that the \$45 million in additional State revenues generated by changes to the 0.53% assessment and the Ambulatory Care Facility Assessment would generate an additional \$45 million in federal DSH revenues. The receipt of additional revenues by eliminating the \$40 million cap on revenues from the 0.53% assessment is subject to federal approval. The State will be submitting a Medicaid State Plan Amendment to the federal government and will provide the federal government with such documentation as is required in support of the amendment. Depending on the amount of additional revenues actually generated by the Ambulatory Care Facility Assessment, the State may realize less total federal DSH revenues.

It is also assumed that the revenues generated will be within the \$665.1 million cap on federal DSH expenditures for federal FY 2010, otherwise additional federal DSH funds will not be available. In subsequent federal fiscal years, the amount of federal DSH funds

available to New Jersey may be less than \$665.1 million and this may result in federal DSH funds not being available for these \$45 million +/- in revenues.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 2143 STATE OF NEW JERSEY 214th LEGISLATURE

DATED: JULY 28, 2010

SUMMARY

Synopsis: Removes cap on .53 percent hospital total operating revenue assessment and raises cap on ambulatory care facility gross receipts assessment to increase charity care subsidy monies.

Type of Impact: Increase in revenues realized by the State.

Agencies Affected: Department of Health and Senior Services.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Revenues:			
.53 percent Assessment	\$38.7 million est.	\$51.6 million est.	\$51.6 million est.
Ambulatory Care Assessment	Unable to determine.	Unable to determine.	Unable to determine.

- Additional Federal funds through the Disproportionate Share (DSH) program may be generated so long as the State does not exceed the maximum amount of federal DSH funds available, approximately \$665.1 million, in federal FY 2010. The amount of federal DSH funds available to New Jersey in subsequent fiscal years may be less than the amount available in federal FY 2010.

BILL DESCRIPTION

Senate Bill No. 2143 (1R) of 2010 implements recommendations contained in the Governor's recommended FY 2011 budget as it pertains to Charity Care and provides the revenues to increase Charity Care funding. Specifically:

- The \$40 million cap on the amount of revenues raised by the 0.53 percent assessment on the total operating revenue of each general hospital and each specialty heart hospital is eliminated; and
- Certain ambulatory care facilities with gross receipts over \$300,000 will be subject to a 2.95 percent gross receipts assessment, up to a maximum assessment of \$350,000.

FISCAL ANALYSIS

EXECUTIVE BRANCH

No information has been provided.

OFFICE OF LEGISLATIVE SERVICES

0.53 percent Assessment. Available information indicates that removing the \$40 million cap would generate approximately \$38.7 million in FY 2011 and \$51.6 million in subsequent fiscal years. The actual amount realized will depend on the actual operating revenues of each general hospital and each specialty heart hospital.

Ambulatory Care Facility Assessment. The amount of revenues that may be generated by a 2.95 percent gross receipts assessment on ambulatory care facilities with gross receipts over \$300,000, up to maximum assessment of \$350,000, is not known. The Office of Legislative Services has no information as to the gross receipts of ambulatory care facilities.

Available information indicates that the Governor's recommended budget assumed approximately \$6.3 million in additional revenues by lifting the existing \$200,000 cap paid by ambulatory care facilities. As this legislation alters the Governor's recommendation, by capping the assessment at \$350,000, the amount of ambulatory care facility assessment revenues will likely be less than \$6.3 million.

Federal Funds. The Governor's FY 2011 recommended budget had assumed that the \$45 million in additional State revenues generated by changes to the 0.53 percent assessment and the Ambulatory Care Facility Assessment would generate an additional \$45 million in federal DSH revenues.

The receipt of additional revenues by eliminating the \$40 million cap on revenues from the 0.53 percent assessment is subject to federal approval. The State will be submitting a Medicaid State Plan Amendment to the federal government and will provide the federal government with such documentation as is required in support of the amendment.

Depending on the amount of additional revenues actually generated by the Ambulatory Care Facility Assessment, the State may realize less total federal DSH revenues.

It is also assumed that the revenues generated will be within the \$665.1 million cap on federal DSH expenditures for federal FY 2010, otherwise additional federal DSH funds will not be available. In subsequent federal fiscal years, the amount of federal DSH funds available to New Jersey may be less than \$665.1 million and this may result in federal DSH funds not being available for these \$45 million +/- in revenues.

Section: Human Services

*Analyst: Jay Hershberg
Principal Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

ASSEMBLY, No. 3070

STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED JUNE 24, 2010

Sponsored by:

Assemblyman JOSEPH R. MALONE, III

District 30 (Burlington, Mercer, Monmouth and Ocean)

SYNOPSIS

Removes cap on .53% hospital total operating revenue assessment and raises cap on ambulatory care facility gross receipts assessment to increase charity care subsidy monies.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning funding for charity care subsidies and
2 amending P.L.1992, c.160.

3

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

6

7 1. Section 7 of P.L.1992, c.160 (C.26:2H-18.57) is amended to
8 read as follows:

9 7. a. Effective January 1, 1994, the Department of Health and
10 Senior Services shall assess each hospital a per adjusted admission
11 charge of \$10.00.

12 Of the revenues raised by the hospital per adjusted admission
13 charge, \$5.00 per adjusted admission shall be used by the
14 department to carry out its duties pursuant to P.L.1992, c.160
15 (C.26:2H-18.51 et al.) and \$5.00 per adjusted admission shall be
16 used by the department for administrative costs related to health
17 planning.

18 b. Effective July 1, 2004, the department shall assess each
19 licensed ambulatory care facility that is licensed to provide one or
20 more of the following ambulatory care services: ambulatory
21 surgery, computerized axial tomography, comprehensive outpatient
22 rehabilitation, extracorporeal shock wave lithotripsy, magnetic
23 resonance imaging, megavoltage radiation oncology, positron
24 emission tomography, orthotripsy and sleep disorder services. The
25 Commissioner of Health and Senior Services may, by regulation,
26 add additional categories of ambulatory care services that shall be
27 subject to the assessment if such services are added to the list of
28 services provided in N.J.A.C.8:43A-2.2(b) after the effective date
29 of P.L.2004, c.54.

30 The assessment established in this subsection shall not apply to
31 an ambulatory care facility that is licensed to a hospital in this State
32 as an off-site ambulatory care service facility.

33 (1) For Fiscal Year 2005, the assessment on an ambulatory care
34 facility providing one or more of the services listed in this
35 subsection shall be based on gross receipts for the 2003 tax year as
36 follows:

37 (a) a facility with less than \$300,000 in gross receipts shall not
38 pay an assessment; and

39 (b) a facility with at least \$300,000 in gross receipts shall pay an
40 assessment equal to 3.5% of its gross receipts or \$200,000,
41 whichever amount is less.

42 The commissioner shall provide notice no later than August 15,
43 2004 to all facilities that are subject to the assessment that the first
44 payment of the assessment is due October 1, 2004 and that proof of
45 gross receipts for the facility's tax year ending in calendar year 2003

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 shall be provided by the facility to the commissioner no later than
2 September 15, 2004. If a facility fails to provide proof of gross
3 receipts by September 15, 2004, the facility shall be assessed the
4 maximum rate of \$200,000 for Fiscal Year 2005.

5 The Fiscal Year 2005 assessment shall be payable to the
6 department in four installments, with payments due October 1,
7 2004, January 1, 2005, March 15, 2005 and June 15, 2005.

8 (2) For Fiscal Year 2006, the commissioner shall use the
9 calendar year 2004 data submitted in accordance with subsection c.
10 of this section to calculate a uniform gross receipts assessment rate
11 for each facility with gross receipts over \$300,000 that is subject to
12 the assessment, except that no facility shall pay an assessment
13 greater than \$200,000. The rate shall be calculated so as to raise the
14 same amount in the aggregate as was assessed in Fiscal Year 2005.
15 A facility shall pay its assessment to the department in four
16 payments in accordance with a timetable prescribed by the
17 commissioner.

18 (3) Beginning in Fiscal Year 2007 and for each fiscal year
19 thereafter through Fiscal Year 2010, the uniform gross receipts
20 assessment rate calculated in accordance with paragraph (2) of this
21 subsection shall be applied to each facility subject to the assessment
22 with gross receipts over \$300,000, as those gross receipts are
23 documented in the facility's most recent annual report to the
24 department, except that no facility shall pay an assessment greater
25 than \$200,000. A facility shall pay its annual assessment to the
26 department in four payments in accordance with a timetable
27 prescribed by the commissioner.

28 (4) Beginning in Fiscal Year 2011 and for each fiscal year
29 thereafter, the uniform gross receipts assessment shall be applied at
30 the rate of 2.95% to each facility subject to the assessment with
31 gross receipts over \$300,000, as those gross receipts are
32 documented in the facility's most recent annual report submitted to
33 the department pursuant to subsection c. of this section, except that
34 no facility shall pay an assessment greater than \$350,000. A
35 facility shall pay its annual assessment to the department in four
36 payments in accordance with a timetable prescribed by the
37 commissioner.

38 c. Each ambulatory care facility that is subject to the
39 assessment provided in subsection b. of this section shall submit an
40 annual report including, at a minimum, data on volume of patient
41 visits, charges, and gross revenues, by payer type, for patient
42 services, beginning with calendar year 2004 data. The annual
43 report shall be submitted to the department according to a timetable
44 and in a form and manner prescribed by the commissioner.

45 The department may audit selected annual reports in order to
46 determine their accuracy.

47 d. (1) If, upon audit as provided for in subsection c. of this
48 section, it is determined that an ambulatory care facility understated

A3070 MALONE

1 its gross receipts in its annual report to the department, the facility's
2 assessment for the fiscal year that was based on the defective report
3 shall be retroactively increased to the appropriate amount and the
4 facility shall be liable for a penalty in the amount of the difference
5 between the original and corrected assessment.

6 (2) A facility that fails to provide the information required
7 pursuant to subsection c. of this section shall be liable for a civil
8 penalty not to exceed \$500 for each day in which the facility is not
9 in compliance.

10 (3) A facility that is operating one or more of the ambulatory
11 care services listed in subsection b. of this section without a license
12 from the department, on or after July 1, 2004, shall be liable for
13 double the amount of the assessment provided for in subsection b.
14 of this section, in addition to such other penalties as the department
15 may impose for operating an ambulatory care facility without a
16 license.

17 (4) The commissioner shall recover any penalties provided for
18 in this subsection in an administrative proceeding in accordance
19 with the "Administrative Procedure Act," P.L.1968, c.410
20 (C.52:14B-1 et seq.).

21 e. The revenues raised by the ambulatory care facility
22 assessment pursuant to this section shall be deposited in the Health
23 Care Subsidy Fund established pursuant to section 8 of P.L.1992,
24 c.160 (C.26:2H-18.58).

25 (cf: P.L.2004, c.54, s.1)

26

27 2. Section 12 of P.L.1992, c.160 (C.26:2H-18.62) is amended
28 to read as follows:

29 12. a. (Deleted by amendment, P.L.2005, c.237).

30 b. (Deleted by amendment, P.L.2005, c.237).

31 c. (1) Notwithstanding any law to the contrary, each general
32 hospital and each specialty heart hospital shall pay .53% of its total
33 operating revenue to the department for deposit in the Health Care
34 Subsidy Fund[, except that the amount to be paid by a hospital in a
35 given year shall be prorated by the department so as not to exceed
36 the \$40 million limit set forth in this subsection]. The hospital
37 shall make monthly payments to the department beginning July 1,
38 1993[, except that the total amount paid into the Health Care
39 Subsidy Fund plus interest shall not exceed \$40 million per year].
40 The commissioner shall determine the manner in which the
41 payments shall be made.

42 For the purposes of this subsection, "total operating revenue"
43 shall be defined by the department in accordance with financial
44 reporting requirements established pursuant to N.J.A.C.8:31B-3.3
45 and shall include revenue from any ambulatory care facility that is
46 licensed to a general hospital as an off-site ambulatory care service
47 facility.

1 (2) The commissioner shall allocate the monies paid by
2 hospitals pursuant to paragraph (1) of this subsection as follows:

3 (a) In State fiscal years 2006 and 2007, \$35 million of those
4 monies shall be allocated to the support of federally qualified health
5 centers in this State, and the remainder shall be allocated to the
6 support of (i) the infant mortality reduction program in the
7 Department of Health and Senior Services, (ii) the primary care
8 physician and dentist loan redemption program established in the
9 Higher Education Student Assistance Authority by article 3 of
10 P.L.1999, c.46 (C.18A:71C-32 et seq.), and (iii) the development
11 and use of health information electronic data interchange
12 technology pursuant to P.L.1999, c.154 (C.17B:30-23 et al.); and

13 (b) In State fiscal year 2008 and thereafter, the entire amount of
14 those monies shall be allocated to the support of federally qualified
15 health centers in this State.

16 Monies allocated to the support of federally qualified health
17 centers in the State under this paragraph shall be used for the
18 purpose of compensating them for health care services provided to
19 uninsured patients.

20 d. The monies paid by the hospitals and allocated under
21 subsection c. of this section for the support of federally qualified
22 health centers shall be credited to the federally qualified health
23 centers account.

24 e. (1) Monies paid by hospitals under subsection c. of this
25 section in excess of \$40 million, federal matching funds received on
26 account of such monies, and interest received on such payments and
27 funds shall be allocated exclusively to support funding to hospitals.

28 (2) In the event that any approval, application, or other
29 condition necessary for the implementation of this subsection and
30 the distribution of funds pursuant thereto consistent with the Fiscal
31 Year 2011 annual appropriations act is not obtained, granted, or
32 satisfied, the Departments of Health Senior Services and Human
33 Services shall jointly prepare a plan concerning charity care and
34 related hospital funding, which shall be subject to the approval of
35 the Joint Budget Oversight Committee.

36 (cf: P.L.2005, c.237, s.2)

37

38 3. This act shall take effect July 1, 2010.

39

40

41

STATEMENT

42

43 The Governor's proposed FY 2011 budget recommends the
44 enactment of legislation to amend current law by uncapping the
45 assessment imposed on hospitals and raising the cap on the
46 assessment on certain ambulatory care facilities in order to generate
47 additional State funds to draw down a greater amount of federal
48 matching funds for the purposes of increasing charity care funding.

1 Section 12 of P.L.1992, c.160 (C.26:2H-18.62) currently
2 provides for an annual assessment of .53% on a hospital's total
3 operating revenue, not to exceed a total of \$40 million for all
4 hospitals. Section 7 of P.L.1992, c.160 (C.26:2H-18.57) provides
5 for an assessment on the gross receipts of certain ambulatory care
6 facilities, with a per facility cap of \$200,000. Ambulatory care
7 facilities that are subject to the assessment include facilities with
8 gross receipts over \$300,000 that provide the following ambulatory
9 care services: ambulatory surgery, computerized axial tomography,
10 comprehensive outpatient rehabilitation, extracorporeal shock wave
11 lithotripsy, magnetic resonance imaging, megavoltage radiation
12 oncology, positron emission tomography, orthotripsy, and sleep
13 disorder services.

14 Specifically, the bill provides as follows:

- 15 • The \$40 million cap on the hospital assessment is removed,
16 and the \$200,000 cap on the ambulatory care facility
17 assessment is raised to \$350,000.
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19 hospitals in excess of \$40 million, federal matching funds
20 received on account of such monies, and interest received on
21 such payments and funds shall be allocated exclusively to
22 support funding to hospitals. In the event that any approval,
23 application, or other condition necessary for the
24 implementation of this provision and the distribution of
25 funds pursuant thereto consistent with the Fiscal Year 2011
26 annual appropriations act is not obtained, granted, or
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28 Human Services shall jointly prepare a plan concerning
29 charity care and related hospital funding, which shall be
30 subject to the approval of the Joint Budget Oversight
31 Committee.
- 32 • With respect to the ambulatory care facility gross receipts
33 assessment, the assessment shall be applied at the rate of
34 2.95%, beginning July 1, 2010.

35 It is anticipated that this legislation will generate increased
36 revenue, which will be matched with federal funding and
37 redistributed to hospitals.