

30:4-68.1

LEGISLATIVE HISTORY CHECKLIST

(State institutions--county patients--  
State assumption of added costs due to  
loss of accreditation)

WJSA 30:4-68.1

LAWS OF 1980

CHAPTER 8

Bill No. S1003 (Substituted for A945 (not attached since identical to S1003))

Sponsor(s) Merlino

Date Introduced Feb. 4, 1980

Committee: Assembly

Senate Institutions, Health and Welfare

Amended during passage Yes ~~xx~~

according to Governor's recommendations

Date of Passage: Assembly March 13, 1980 Re-enacted 3-13-80

Senate Feb. 25, 1980 Re-enacted 3-13-80

Date of approval March 14, 1980

Following statements are attached if available:

Sponsor statement Yes ~~xx~~ (Below)

Committee Statement: Assembly ~~Yes~~ No

Senate ~~Yes~~ No

Fiscal Note ~~Yes~~ No

Veto message Yes ~~xx~~

Message on signing Yes ~~xx~~

Following were printed:

Reports ~~Yes~~ No

Hearings ~~Yes~~ No

Sponsor's statement:

This bill would relieve counties of the responsibility for added costs for the State's maintenance of county patients where the costs are due to the loss of accreditation of a State institution.

Klein v. Mercer County (cited in Governor's veto message)  
not approved for publication as of 4-1-81.

2/1/83

[OFFICIAL COPY REPRINT]  
**SENATE, No. 1003**

**STATE OF NEW JERSEY**

INTRODUCED FEBRUARY 4, 1980

By Senator MERLINO

Referred to Committee on Institutions, Health and Welfare

AN ACT concerning the financial responsibility of counties for certain patients maintained in State institutions and supplementing chapter 4 of Title 30 of the Revised Statutes.

1 BE IT ENACTED *by the Senate and General Assembly of the State*  
2 *of New Jersey:*

1 \***[**1. Notwithstanding the provisions of any law to the contrary,  
2 a county shall not be responsible for payments, including interest  
3 thereon, to the State for the maintenance of medicaid or medicare  
4 eligible patients at any psychiatric institution owned by the State,  
5 which payments were otherwise not the responsibility of the county  
6 because the costs of maintenance they represent were or are reim-  
7 bursable to the State by the Federal Government, but which pay-  
8 ments have become due to the State because of the loss of accredi-  
9 tation of the institution.

10 The patients referred to in this section shall be deemed to be  
11 patients the cost of whose maintenance is required to be borne  
12 by the State.]\*

13 \*1. *In the case of Medicaid and Medicare eligible patients, the*  
14 *maintenance costs to be paid by the counties shall be satisfied by*  
15 *Federal Medicaid or Medicare payments to the State. Should a*  
16 *State hospital for the mentally ill lose its accreditation and subse-*  
17 *quently not receive Federal Medicaid and Medicare payments, the*  
18 *counties shall not be liable for the maintenance of Medicaid or*  
19 *Medicare eligible county patients.*

20 *In the case of any county which has incurred an obligation to the*  
21 *State for the maintenance of such patients between December 21,*  
22 *1975 and January 1, 1980, 1/3 of its obligation shall be forgiven. Any*  
23 *county which has made payments on account of such obligation*  
24 *shall receive a credit, to the extent that such payments exceed 2/3*  
25 *of its total obligation, against obligations due to the State for other*  
26 *patients.\**

1 2. This act shall take effect immediately and be retroactive to  
2 \***[**December 21, 1975]\* \*January 1, 1980\*.

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.**

March 13, 1980

SENATE BILL NO. 1003

To the Senate:

Pursuant to Article V, Section I, Paragraph 14(b) of the Constitution, I am returning Senate Bill No. 1003, with my objections, for reconsideration.

Senate Bill No. 1003 would relieve counties of their statutory liability to the State for one-half the maintenance cost of Medicaid and Medicare eligible county residents in State mental institutions which have lost accreditation. The bill would relieve such liability retroactive to December 21, 1975, when Trenton Psychiatric Hospital lost its accreditation, and would require the State to make refunds retroactive to that date to those counties which have made payments to the State for Medicaid and Medicare eligible patients at nonaccredited State psychiatric institutions. Enactment of this bill would overturn the recent decision in Klein v. Mercer Co. holding Mercer County liable for one-half the maintenance costs of its Medicaid and Medicare patients at Trenton Psychiatric Hospital, plus interest from the date of nonpayment.

Although I am sympathetic to the unfairness of the current situation whereby those counties which are served by an unaccredited State mental health facility must pay one-half the maintenance costs of Medicaid and Medicare eligible patients while counties served by accredited facilities pay nothing, I believe that this bill reaches too far into the past in resolving this issue.

The bill would require the State to write off \$3.7 million of anticipated revenues from those counties which have refused to meet their legal obligations and would require a refund of an additional \$4 million to those counties which have paid the State for the maintenance of their Medicaid or Medicare patients at Trenton Psychiatric Hospital. Furthermore, the bill would require the State to assume such future costs which are estimated at \$1.8 million a year.

-Recognizing the inherent injustice in the existing system which penalizes those counties which must utilize an unaccredited State facility, I am proposing to prospectively eliminate the obligation of the counties to pay for the maintenance costs of Medicaid and Medicare eligible residents in State mental health facilities, recognizing that such action would result in an annual loss of revenue to the State of \$1.8 million. In addition, in order to provide a reasonable adjustment of the interests of the parties, I would support a forgiveness of a portion of the principal sums due for years prior to 1980. To go back the entire 4-year period would make uncertain the affairs of government. I would support a forgiveness of 1/3 of the past due principal amounts.

Accordingly, I am returning Senate Bill No. 1003 for reconsideration and recommend that it be amended as follows:

Page 1, Section 1: Delete in its entirety and insert the following:

"1. In the case of Medicaid and Medicare eligible patients, the maintenance costs to be paid by the counties shall be satisfied by Federal Medicaid or Medicare payments to the State. Should a State hospital for the mentally ill lose its accreditation and subsequently not receive Federal Medicaid and Medicare payments, the counties shall not be liable for the maintenance of Medicaid or Medicare eligible county patients.

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

Page 1, Section 2: Delete "December 21, 1975" and insert "January 1, 1980."

Respectfully,  
/s/ Brendan Byrne  
GOVERNOR

[seal]

Attest:

/s/ Harold L. Hodes  
CHIEF OF STAFF, SECRETARY

FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

MARCH 14, 1980

FOR FURTHER INFORMATION

KATHRYN FORSBERG

Governor Brendan Byrne today signed S-1003, sponsored by Senator Joseph P. Merlino (D-Trenton), which forgives counties one-third of the due maintenance cost for the past four years of Medicaid and Medicare eligible county residents in Trenton Psychiatric Hospital and eliminates the counties' obligation in the future.

Byrne yesterday conditionally vetoed the original version of the bill, which would have forgiven the counties' entire debt for the period of time from December, 1975 when Trenton Psychiatric Hospital lost its accreditation.

The Senate and Assembly concurred with the Governor's recommendations last night.

Under the measure signed today, cost to the state will be approximately \$2.5 million for the obligation of the past four years and approximately \$1.8 million annually for future costs.

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