

30:9-12.29 to 30:9-12.35

LEGISLATIVE HISTORY CHECKLIST

NJSA 30:9-12.29 to 30:9-12.35 ("Public General Hospital Assistance Act.")

Laws of 1977 Chapter 289

Bill No. A3508

Sponsor(s) Burstein, Jackman

Date Introduced September 26, 1977

Committee: Assembly Institutions, Health, Welfare

Senate Revenue, Finance, Appropriations

Amended during passage Yes No Substituted for S3409
(not attached since is
identical to A3508)

Date of passage: Assembly October 3, 1977

Senate November 28, 1977

Date of approval December 1, 1977

Following statements are attached if available:

Sponsor statement Yes No

Committee Statement: Assembly No

Senate Yes

Fiscal Note No

Veto message No

Message on signing Yes

Following were printed:

Reports No

Hearings No

10/4/76

ASSEMBLY, No. 3508

STATE OF NEW JERSEY

INTRODUCED SEPTEMBER 26, 1977

By Assemblymen BURSTEIN and JACKMAN

Referred to Committee on Institutions, Health and Welfare

AN ACT to assist public general hospitals in the provision of quality medical care unreimbursed by other sources, supplementing Title 30 of the Revised Statutes and making an appropriation.

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

1 1. This act shall be known as the "Public General Hospital
2 Assistance Act."

1 2. The Legislature hereby finds that:

2 a. Certain public general hospitals in this State provide essen-
3 tial health care and special services not provided by any other
4 health care facility available to the whole population.

5 b. Provision of such necessary care without adequate compen-
6 sation places a severe strain on hospital budgets, limiting ex-
7 penditures for improved operating efficiencies, and increasing the
8 cost of borrowed funds.

9 c. The primary responsibility for providing essential health care
10 services for those who cannot afford it rests with State and local
11 government.

12 d. A small number of public general hospitals in the State bear
13 a disproportionate share of providing medical and health care
14 facilities or of providing services for indigent patients.

15 e. Effective hospital management requires that the nature and
16 level of any assistance be known before budgeting and capital
17 planning decisions are made.

1 3. As used in this act:

2 a. "Nonthird party patient" means a hospital in-patient re-
3 ceiving acute care whose hospital expenses are not paid primarily
4 by a third-party payor, and who is a resident of this State.

5 b. "Third-party payor" means an insurance company, medical
6 insurance plan, health and welfare plan, or governmental medical

7 assistance program which has assumed primary responsibility for
8 the hospital expenses of a hospital in-patient.

9 c. "Hospital" means any public general hospital maintained
10 pursuant to P. L. 1947, c. 34, s. 1 (C. 30:9-12.1) and R. S. 30:9-13
11 by a county or municipality and operated and licensed by the
12 State as a general acute care facility, as defined by Department
13 of Health licensure standards, but shall not include any hospital
14 owned and operated by the State.

15 d. "Commissioner" means the Commissioner of the Depart-
16 ment of Health.

17 e. "Capital expenditure" means an expenditure for an improve-
18 ment or purpose having a period of usefulness of 3 years or more.

1 4. From time to time, as determined by the commissioner, but
2 not less than quarterly, each hospital seeking assistance under
3 this act shall submit to the commissioner the following informa-
4 tion:

5 a. The total number of patient-days of in-patient service pro-
6 vided by the hospital to all patients;

7 b. The number of patient-days of in-patient service provided by
8 the hospital to nonthird party patients;

9 c. Such information as the commissioner may require in order
10 to determine that health care and services provided by the hospital
11 to nonthird party patients are reasonable and necessary;

12 d. Such information as the commissioner may require in order
13 to determine that the hospital is making its best efforts to collect
14 accounts receivable from nonthird party patients, who are not
15 medically indigent as defined by the commissioner;

16 e. Such information as the commissioner may require in order
17 to determine that charges imposed upon nonthird party patients
18 by the hospital do not exceed the reasonable cost of health care
19 services provided; and

20 f. Such information as the commissioner may require in order
21 to determine that charges imposed upon nonthird party patients
22 are proportional to such patients' ability to pay.

1 5. a. The commissioner shall determine whether:

2 (1) The calculation by the hospital of total patient-days and
3 nonthird party patient-days is accurate;

4 (2) The medical and hospital care and services provided non-
5 third party patients are reasonable and necessary;

6 (3) The hospital is making its best efforts to collect accounts
7 receivable from nonthird party patients who are not medically
8 indigent as defined by the commissioner;

9 (4) The charges imposed upon nonthird party patients by the
10 hospital do not exceed the reasonable cost of health care services
11 provided; and

12 (5) The charges imposed upon nonthird party patients are pro-
13 portional to such patients' ability to pay;

14 b. Upon determination that all of the conditions in subsection
15 a. have been satisfied, the commissioner is authorized to enter
16 into contracts with public general hospitals, together with the
17 municipality or county by which the hospital is maintained or
18 operated, according to the following schedule:

19 (1) Where the number of nonthird party patient days is less
20 than 10% of the total number of patient days actually provided
21 by the hospital, no payment shall be made; and

22 (2) Where the number of nonthird party patient days exceeds
23 10% of the total number of patient days actually provided by the
24 hospital, payment shall be made under one of the following
24A formulas:

25 (a) Where the Medicaid reimbursement for the hospital is
26 based on a per diem rate system, payment shall be made at
27 the rate of 100% of the final current Medicaid per diem rate
28 for all nonthird party patient days in excess of 3% of such
29 total.

30 (b) Where the Medicaid reimbursement for the hospital is
31 based on a system other than a per diem rate, payment shall
32 be made at the rate of 100% of the total costs of services
33 rendered, calculated at the Medicaid rate, to nonthird party
34 patients, multiplied by the ratio of the percentage of non-
35 third party patient days, of the total number of actual patient
36 days, minus 3% to the percentage of nonthird party patient
37 days, of the total number of patient days.

38 c. Such contracts shall provide that:

39 (i) The hospital receiving assistance agrees to an annual audit
40 of all expenditures by the hospital, according to procedures es-
41 tablished by the commissioner in consultation with the State
42 Treasurer;

43 (ii) The hospital receiving assistance agrees to cooperate fully
44 in any review by the commissioner or his designee of operating
45 procedures on management.

46 d. Such contracts may provide that:

47 (i) Certain services provided by the hospital be maintained,
48 increased, modified, or continued; provided, however, that no ad-
49 ditions or modifications may be imposed if the effect of such

50 additions or modifications would be to increase the total cost of
51 uncompensated services provided by the hospital;

52 (ii) Specific changes in management or operating procedures,
53 which the commissioner has determined will improve efficiency,
54 be implemented; and

55 (iii) The municipality or county by which the hospital is main-
56 tained issue or cause to be issued bonds in order to provide capital
57 improvements to increase operating efficiency. No such provisions,
58 however, shall be construed to require such an issue unless such
59 an issue is authorized by law.

60 e. The commissioner shall promptly negotiate all necessary con-
61 tracts in order that the purposes of this act may be fulfilled to
62 provide assistance to qualifying public general hospitals.

1 6. Notwithstanding the provisions of P. L. 1947, c. 34, s. 2
2 (C. 30:9-12.2) and R. S. 30:9-14, the Governor shall appoint two
3 individuals to serve as representatives of this State on the board
4 of managers of any institution receiving funds pursuant to the
5 provisions of this act, and the appointing authority pursuant to
6 the provisions of said P. L. 1947, c. 34, s. 2 (C. 30:9-12.2) and of
7 R. S. 30:9-14 shall appoint two members to serve as representa-
8 tives of the municipality or the county on the board of managers of
9 such an institution. Such four additional members shall be in addi-
10 tion to and shall have the same powers and duties as the seven mem-
11 bers appointed pursuant to P. L. 1947, c. 34, s. 2 and the 12 mem-
12 bers appointed pursuant to R. S. 30:9-14, and shall serve during
13 each State fiscal year in which funds are appropriated pursuant to
14 this act and during the fiscal year next following such appropria-
15 tion.

1 7. The commissioner is directed to enter into contracts and to
2 make payments subject to available appropriations and is em-
3 powered to issue all necessary rules, regulations, and adminis-
4 trative orders, and to do or cause to be done all things necessary
5 to implement and administer this act.

1 8. Any appropriation for the support of any hospital made dur-
2 ing the State fiscal year in which this bill is enacted shall be de-
3 ducted from the amount of assistance authorized by this act to
4 such hospital.

1 9. There is hereby appropriated to the Department of Health
2 the sum of \$9,985,190.00 to effect the purpose of this act.

1 10. This act shall take effect immediately, and shall apply to
2 provide assistance for services performed after June 30, 1977.

STATEMENT

This bill would assist public general hospitals providing in-patient care to a disproportionate number of persons without private or government guaranteed health insurance. Assistance to the public general hospitals would be proportional to services rendered, and existing Medicaid review standards for cost of services and amount of services provided would be applied. The Commissioner of Health is given the power to condition assistance upon the implementation of changes to increase efficiency.

This bill recognizes the State's responsibility for providing essential health care services to those who are unable to afford it, and assisting public general hospitals which have undertaken that responsibility.

STATEMENT

This bill would assist public general hospitals providing inpatient care to a disproportionate number of persons without private or government guaranteed health insurance. Assistance to the public general hospitals would be proportional to services rendered, and existing Medicaid review standards for cost of services and amount of services provided would be applied. The Commissioner of Health is given the power to condition assistance upon the implementation of changes to increase efficiency.

This bill recognizes the State's responsibility for providing essential health care services to those who are unable to afford it, and assisting public general hospitals which have undertaken that responsibility.

SENATE REVENUE, FINANCE AND
APPROPRIATIONS COMMITTEE

STATEMENT TO
ASSEMBLY, No. 3508

STATE OF NEW JERSEY

DATED: NOVEMBER 21, 1977

This bill would assist public general hospitals providing in-patient care to persons who upon admission are without private or government guaranteed health insurance. Assistance to the public general hospitals would be proportional to services rendered, and existing Medicaid review standards for cost of services and amount of services provided would be applied. The Commissioner of Health is given the power to condition assistance upon the implementation of changes to increase efficiency.

This bill recognizes the State's responsibility to assist public general hospitals which are providing health care services to those who are unable to afford it.

The bill appropriates \$9,985,190.00 to the Department of Health for the purposes of this act.

FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE
DECEMBER 1, 1977

FOR FURTHER INFORMATION
ANNE BURNS

Governor Brendan Byrne today signed into law A-3508, sponsored by Assemblyman Albert Burstein (D-Bergen). The bill authorizes State aid to certain public general hospitals.

To be included under this legislation the hospital must be maintained by a county or municipality and operated and licensed by the State as a general acute care facility, but it cannot be owned and operated by the State. To be eligible for assistance under this legislation, 10 percent of the hospital's patient days must be "non-third party patient days." Under the criteria, the bill is applicable only to Jersey City Medical Center and Bergen Pines Hospital. A non-third party patient is an in-patient whose hospital expenses are not being paid by an insurance company, medical insurance plan, health and welfare plan, or governmental medical assistance program. In effect, the bill will cover the indigent costs of public general hospitals.

The hospitals will be reimbursed for all non-third party patient days at the Medicaid per diem rate with the exception of 3 percent of the total number of patient days. Under this formula, it is estimated that Jersey City Medical Center will receive \$6.2 million and Bergen Pines Hospital will receive \$3.7 million. The bill appropriates a total of \$9.9 million.

Each hospital receiving aid under this legislation will be required to provide information to the Commissioner of Health to ensure the hospital is making its best efforts to collect accounts from non-third party patients who are not medically indigent and that costs for services are reasonable. Once this is established a contract for reimbursement may be agreed upon. An annual audit will be required.

The hospital must also cooperate in reviews of operating procedures. The Governor will appoint two individuals to the Board of Managers of the institution receiving reimbursement.

The bill takes effect immediately and applies to services rendered after June 30, 1977.