



**VETO MESSAGE:** No

**GOVERNOR'S PRESS RELEASE ON SIGNING:** Yes

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**REPORTS:** No

**HEARINGS:** No

**NEWSPAPER ARTICLES:** No

RWH/CL

P.L. 2018, CHAPTER 116, *approved August 24, 2018*  
Assembly, No. 4249 (*First Reprint*)

1 AN ACT concerning the assessment of a per adjusted admission  
2 charge on hospitals <sup>1</sup>**[and]** <sup>1</sup>,<sup>1</sup> amending P.L.1992, c.160 <sup>1</sup>, and  
3 making an appropriation<sup>1</sup>.  
4

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

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

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

12 Of the revenues raised by the hospital per adjusted admission  
13 charge, \$5 per adjusted admission shall be used by the department  
14 to carry out its duties pursuant to P.L.1992, c.160 (C.26:2H-18.51 et  
15 al.) and \$5 per adjusted admission shall be used by the department  
16 for administrative costs related to health planning.

17 Effective July 1, 2018, the assessment shall apply to all general  
18 acute care hospitals, rehabilitation hospitals, and long term acute  
19 care hospitals. Any General Fund savings resulting from the  
20 assessment meeting the permissibility standards set forth in 42  
21 C.F.R. s.433.68 shall be used to create a supplemental funding pool,  
22 known as Safety Net Graduate Medical Education, for the State's  
23 graduate medical education subsidy.

24 <sup>1</sup>Notwithstanding the provisions of any law or regulation to the  
25 contrary, and except as otherwise provided and subject to such  
26 modifications as may be required by the Centers for Medicare and  
27 Medicaid Services in order to achieve any required federal approval  
28 and full federal financial participation, \$24,285,714 is appropriated  
29 from the General Fund for Safety Net Graduate Medical Education,  
30 and conditioned upon the following:

31 Funds from the Safety Net Graduate Medical Education pool  
32 shall be available to eligible hospitals that meet the following  
33 eligibility criteria: An eligible hospital has a Relative Medicaid  
34 Percentage (RMP) that is in the top third of all acute care hospitals  
35 that have a residency program. The RMP is a ratio calculated using  
36 the 2016 Audited C.160 SHARE Cost Reports. The numerator of  
37 the RMP equals a hospital's gross revenue from patient care for  
38 Medicaid and Medicaid HMO as reported on Line 1, Col. D & Col.  
39 H of Forms E5 and E6. The denominator of the RMP equals a  
40 hospital's gross revenue from patient care as reported on Line 1,  
41 Col. E of Form E4. For instances where hospitals that have a single  
42 Medicare identification number submit a separate cost report for  
43 each campus, the values referenced above shall be consolidated.

**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 floor amendments adopted June 25, 2018.

1     Payments to eligible hospitals shall be made in the following  
2 manner:

3     (1) the subsidy payment shall be split into a Direct Medical  
4 Education (DME) allocation, which is calculated by multiplying the  
5 total subsidy amount by the ratio of 2016 total median Medicaid  
6 managed care DME costs--to--total 2016 median Medicaid managed  
7 care GME costs; and an Indirect Medical Education (IME)  
8 allocation, which is calculated by multiplying the total subsidy  
9 amount by the ratio of 2016 total Medicaid managed care IME  
10 costs--to--total 2016 Medicaid managed care GME costs.

11     (2) Each hospital's percentage of total 2016 Medicaid managed  
12 care DME costs shall be multiplied by the DME allocation to  
13 calculate its DME payment. Each hospital's percentage of total  
14 2016 Medicaid managed care IME costs shall be multiplied by the  
15 IME allocation to calculate its IME payment.

16     (3) Source data used shall come from the Medicaid cost report  
17 for calendar year (CY) 2016 submitted by each acute care hospital  
18 by November 30, 2017 and Medicaid Managed Care encounter  
19 payments for Medicaid and NJ FamilyCare clients as reported by  
20 insurers to the State for the following reporting period: services  
21 dates between January 1, 2016 and December 31, 2016; payment  
22 dates between January 1, 2016 and December 31, 2017; and a run--  
23 date of not later than January 31, 2018.

24     (4) In the event that a hospital reported less than 12 months of  
25 2016 Medicaid costs, the number of reported months of data  
26 regarding days, costs, or payments shall be annualized. In the event  
27 the hospital completed a merger, acquisition, or business  
28 combination or a supplemental cost report for the calendar year  
29 2016 submitted by the affected acute care hospital by November 30,  
30 2017 shall be used. In the event that a hospital did not report its  
31 Medicaid managed care days on the cost report utilized in this  
32 calculation, the Department of Health (DOH) shall ascertain  
33 Medicaid managed care encounter days for Medicaid and NJ  
34 FamilyCare clients as reported by insurers to the State.

35     (5) Medicaid managed care DME cost is defined as the  
36 approved intern and residency program costs using the 2016  
37 Medicaid cost report total residency costs, reported on Worksheet B  
38 Pt I Column 21 line 21 plus Worksheet B Pt I Column 22 Line 22  
39 divided by 2016 resident full time equivalent employees (FTE),  
40 reported on Worksheet S--3 Pt 1 Column 9 line 14 to develop an  
41 average cost per FTE for each hospital used to calculate the overall  
42 median cost per FTE.

43     (6) The median cost per FTE is multiplied by the 2016 resident  
44 FTEs reported on Worksheet S--3 Pt 1 Column 9 line 14 to develop  
45 approved total residency program costs.

46     (7) The approved residency costs are multiplied by the quotient  
47 of Medicaid managed care days, reported on Worksheet S--3  
48 Column 7 line 2, divided by the quantity of total days, on

1 Worksheet S--3 Column 8 line 14, less nursery days, on Worksheet  
2 S--3 Column 8 line 13.

3 (8) Medicaid managed care IME cost is defined as the Medicare  
4 IME factor multiplied by Medicaid managed care encounter  
5 payments for Medicaid and NJ FamilyCare clients as reported by  
6 insurers to the State.

7 (9) The IME factor is calculated using the Medicare IME  
8 formula as follows:  $1.35 * [(1 + x)^{0.405} - 1]$ , in which “x” is the  
9 quotient of submitted IME resident full--time equivalencies  
10 reported on Worksheet S--3 Pt 1 Column 9 line 14 divided by the  
11 quantity of total available beds less nursery beds reported on  
12 Worksheet S--3 Column 2 line 14.

13 (10) In the event that a hospital believes that there are  
14 mathematical errors in the calculations, or data not matching the  
15 actual source documents used to calculate the subsidy as defined  
16 above, hospitals shall be permitted to file calculation appeals within  
17 15 working days of receipt of the subsidy allocation letter. If upon  
18 review it is determined by the department that the error has  
19 occurred and would constitute at least a five percent change in the  
20 hospital’s allocation amount, a revised industry--wide allocation  
21 shall be issued.<sup>1</sup>

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

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

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

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

42 (b) a facility with at least \$300,000 in gross receipts shall pay an  
43 assessment equal to 3.5【%】 percent of its gross receipts or  
44 \$200,000, whichever amount is less.

45 The commissioner shall provide notice no later than August 15,  
46 2004 to all facilities that are subject to the assessment that the first  
47 payment of the assessment is due October 1, 2004 and that proof of  
48 gross receipts for the facility's tax year ending in calendar year 2003

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【%】 percent to each facility subject to the  
31 assessment with gross receipts over \$300,000, as those gross  
32 receipts are documented in the facility's most recent annual report  
33 submitted to the department pursuant to subsection c. of this  
34 section, except that no facility shall pay an assessment greater than  
35 \$350,000. A facility shall pay its annual assessment to the  
36 department in four payments in accordance with a timetable  
37 prescribed by the 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

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.2012, c.17, s.222)

26

27 2. This act shall take effect immediately.

28

29

30

31

32 Expands per adjusted admission charge on hospitals to create  
33 supplemental funding pool for State's graduate medical education  
34 subsidy; appropriates \$24,285,714.

# ASSEMBLY, No. 4249

## STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED JUNE 21, 2018

**Sponsored by:**

**Assemblyman BENJIE E. WIMBERLY**

**District 35 (Bergen and Passaic)**

**Assemblywoman ELIANA PINTOR MARIN**

**District 29 (Essex)**

**Senator M. TERESA RUIZ**

**District 29 (Essex)**

**Senator JOSEPH F. VITALE**

**District 19 (Middlesex)**

**Co-Sponsored by:**

**Assemblyman Conaway**

**SYNOPSIS**

Expands per adjusted admission charge on hospitals to create supplemental funding pool for State's graduate medical education subsidy.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 6/26/2018)**



1 AN ACT concerning the assessment of a per adjusted admission  
2 charge on hospitals and 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 shall  
10 assess each hospital a per adjusted admission charge of \$10.

11 Of the revenues raised by the hospital per adjusted admission  
12 charge, \$5 per adjusted admission shall be used by the department  
13 to carry out its duties pursuant to P.L.1992, c.160 (C.26:2H-18.51 et  
14 al.) and \$5 per adjusted admission shall be used by the department  
15 for administrative costs related to health planning.

16 Effective July 1, 2018, the assessment shall apply to all general  
17 acute care hospitals, rehabilitation hospitals, and long term acute  
18 care hospitals. Any General Fund savings resulting from the  
19 assessment meeting the permissibility standards set forth in 42  
20 C.F.R. s.433.68 shall be used to create a supplemental funding pool,  
21 known as Safety Net Graduate Medical Education, for the State's  
22 graduate medical education subsidy.

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

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

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

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

43 (b) a facility with at least \$300,000 in gross receipts shall pay an  
44 assessment equal to 3.5**[%]** percent of its gross receipts or  
45 \$200,000, whichever amount is less.

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

Matter underlined thus is new matter.

1 The commissioner shall provide notice no later than August 15,  
2 2004 to all facilities that are subject to the assessment that the first  
3 payment of the assessment is due October 1, 2004 and that proof of  
4 gross receipts for the facility's tax year ending in calendar year 2003  
5 shall be provided by the facility to the commissioner no later than  
6 September 15, 2004. If a facility fails to provide proof of gross  
7 receipts by September 15, 2004, the facility shall be assessed the  
8 maximum rate of \$200,000 for Fiscal Year 2005.

9 The Fiscal Year 2005 assessment shall be payable to the  
10 department in four installments, with payments due October 1,  
11 2004, January 1, 2005, March 15, 2005, and June 15, 2005.

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

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

32 (4) Beginning in Fiscal Year 2011 and for each fiscal year  
33 thereafter, the uniform gross receipts assessment shall be applied at  
34 the rate of 2.95【%】 percent to each facility subject to the  
35 assessment with gross receipts over \$300,000, as those gross  
36 receipts are documented in the facility's most recent annual report  
37 submitted to the department pursuant to subsection c. of this  
38 section, except that no facility shall pay an assessment greater than  
39 \$350,000. A facility shall pay its annual assessment to the  
40 department in four payments in accordance with a timetable  
41 prescribed by the commissioner.

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

1 The department may audit selected annual reports in order to  
2 determine their accuracy.

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

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

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

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

25 e. The revenues raised by the ambulatory care facility  
26 assessment pursuant to this section shall be deposited in the Health  
27 Care Subsidy Fund established pursuant to section 8 of P.L.1992,  
28 c.160 (C.26:2H-18.58).  
29 (cf: P.L.2012, c.17, s.222)

30

31 2. This act shall take effect immediately.

32

33

34

#### STATEMENT

35

36 This bill provides that, effective July 1, 2018, the per adjusted  
37 admission charge of \$10 assessed pursuant to Section 7 of  
38 P.L.1992, c.160 (C.26:2H-18.57) shall apply to all general acute  
39 care hospitals, rehabilitation hospitals, and long- term acute care  
40 hospitals. Any General Fund savings resulting from the assessment  
41 meeting the permissibility standards set forth in 42 C.F.R. s.433.68  
42 shall be used to create a supplemental funding pool, known as  
43 Safety Net Graduate Medical Education, for the State's graduate  
44 medical education subsidy.

STATEMENT TO  
**ASSEMBLY, No. 4249**

with Senate Floor Amendments  
(Proposed by Senator RUIZ)

ADOPTED: JUNE 25, 2018

These amendments appropriate \$24,285,714 for the Safety Net Graduate Medical Education pool established in the bill, establish the criteria by which funds in the pool shall be made available, and establish the manner in which payments to eligible hospitals shall be made.

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

**ASSEMBLY, No. 4249**

## **STATE OF NEW JERSEY 218th LEGISLATURE**

DATED: JUNE 28, 2018

### **SUMMARY**

- Synopsis:** Expands per adjusted admission charge on hospitals to create supplemental funding pool for State's graduate medical education subsidy.
- Type of Impact:** Annual State Revenue and Expenditure Increases to the General Fund.
- Agencies Affected:** Department of Health.

#### **Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b>First Fiscal Year of Implementation</b>	<b>Fiscal Years Thereafter</b>
<b>State Revenue Increase</b>	Indeterminate	Indeterminate
<b>State Expenditure Increase</b>	\$24.3 million	Indeterminate

- The Office of Legislative Services (OLS) estimates that the bill will result in indeterminate annual increases in State revenue collections, federal matching funds received by the State, and expenditures of the additional State and federal resources.
- In the first fiscal year of bill's enactment, General Fund expenditures will increase by \$24.3 million due to a one-time appropriation to the Safety Net Graduate Medical Education (GME) funding pool established in the bill.

### **BILL DESCRIPTION**

This bill provides that, effective July 1, 2018, the per adjusted admission charge of \$10 assessed pursuant to N.J.S.A.26:2H-18.57 shall apply to all general acute care hospitals, rehabilitation hospitals, and long-term acute care hospitals. Any General Fund savings resulting from the charge meeting the permissibility standards set forth in 42 C.F.R. s.433.68 shall be used to create a supplemental funding pool, known as Safety Net GME, for the State's graduate medical education subsidy.

The charge currently applies only to acute care hospital admissions and collections are dedicated to the Department of Health for administrative costs related to health planning (50 percent) and to carry out the department's duties under P.L.1992, c.160 (50 percent).

The bill also appropriates \$24,285,714 from the General Fund for the Safety Net GME funding pool established in the bill, establishes the criteria by which funds in the pool shall be made available, and establishes the manner in which payments to eligible hospitals shall be made.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS estimates that the bill will result in indeterminate annual increases in State revenue collections, federal matching funds received by the State, and expenditures of the additional State and federal resources. In the first fiscal year of bill's enactment, General Fund expenditures will increase by \$24.3 million due to a one-time appropriation to the Safety Net GME funding pool established in the bill.

The bill will increase State revenues collected under the per adjusted admission charge due to the expansion of the charge to admissions at rehabilitation hospitals and long-term acute care hospitals. The charge currently applies only to acute care hospital admissions and raised \$16.7 million in State revenue in FY 2017.

According to the New Jersey Hospital Association, there are 71 acute care hospitals, 14 rehabilitation hospitals, and 10 long-term acute care hospitals in the State. The OLS does not have information regarding annual admission rates at the rehabilitation and long-term acute care hospitals and, therefore, cannot quantify the bill's annual revenue gain.

The revenue gain would be subject to the existing statutory dedication of collections from the charge to the Department of Health for administrative costs related to health planning (50 percent) and to carry out the department's duties under P.L.1992, c.160 (50 percent).

The bill will also result in a one-time expenditure from the General Fund of \$24.3 million for the Safety Net GME funding pool for the State's GME subsidy. The GME subsidy is distributed to 43 acute care hospitals in the State and supports hospital-based physician teaching programs. The Governor's FY 2019 Budget anticipates a 63.7 percent federal Medicaid match for the State's GME subsidy.

*Section:* Human Services

*Analyst:* Sarah Schmidt  
Associate Research Analyst

*Approved:* Frank W. Haines III  
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. 2759

## STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED JUNE 18, 2018

**Sponsored by:**

**Senator M. TERESA RUIZ**

**District 29 (Essex)**

**Senator JOSEPH F. VITALE**

**District 19 (Middlesex)**

**SYNOPSIS**

Expands per adjusted admission charge on hospitals to create supplemental funding pool for State's graduate medical education subsidy.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 6/22/2018)**

1 AN ACT concerning the assessment of a per adjusted admission  
2 charge on hospitals and amending P.L.1992, c.160.

3

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

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18 care hospitals. Any General Fund savings resulting from the  
19 assessment meeting the permissibility standards set forth in 42  
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21 known as Safety Net Graduate Medical Education, for the State's  
22 graduate medical education subsidy.

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

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42 pay an assessment; and

43 (b) a facility with at least \$300,000 in gross receipts shall pay an  
44 assessment equal to 3.5**[%]** percent of its gross receipts or  
45 \$200,000, whichever amount is less.

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

Matter underlined thus is new matter.



1 The commissioner shall provide notice no later than August 15,  
2 2004 to all facilities that are subject to the assessment that the first  
3 payment of the assessment is due October 1, 2004 and that proof of  
4 gross receipts for the facility's tax year ending in calendar year 2003  
5 shall be provided by the facility to the commissioner no later than  
6 September 15, 2004. If a facility fails to provide proof of gross  
7 receipts by September 15, 2004, the facility shall be assessed the  
8 maximum rate of \$200,000 for Fiscal Year 2005.

9 The Fiscal Year 2005 assessment shall be payable to the  
10 department in four installments, with payments due October 1,  
11 2004, January 1, 2005, March 15, 2005, and June 15, 2005.

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

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

32 (4) Beginning in Fiscal Year 2011 and for each fiscal year  
33 thereafter, the uniform gross receipts assessment shall be applied at  
34 the rate of 2.95【%】 percent to each facility subject to the  
35 assessment with gross receipts over \$300,000, as those gross  
36 receipts are documented in the facility's most recent annual report  
37 submitted to the department pursuant to subsection c. of this  
38 section, except that no facility shall pay an assessment greater than  
39 \$350,000. A facility shall pay its annual assessment to the  
40 department in four payments in accordance with a timetable  
41 prescribed by the commissioner.

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

1 The department may audit selected annual reports in order to  
2 determine their accuracy.

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

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

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

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

25 e. The revenues raised by the ambulatory care facility  
26 assessment pursuant to this section shall be deposited in the Health  
27 Care Subsidy Fund established pursuant to section 8 of P.L.1992,  
28 c.160 (C.26:2H-18.58).  
29 (cf: P.L.2012, c.17, s.222)

30

31 2. This act shall take effect immediately.

32

33

34

#### STATEMENT

35

36 This bill provides that, effective July 1, 2018, the per adjusted  
37 admission charge of \$10 assessed pursuant to Section 7 of  
38 P.L.1992, c.160 (C.26:2H-18.57) shall apply to all general acute  
39 care hospitals, rehabilitation hospitals, and long- term acute care  
40 hospitals. Any General Fund savings resulting from the assessment  
41 meeting the permissibility standards set forth in 42 C.F.R. s.433.68  
42 shall be used to create a supplemental funding pool, known as  
43 Safety Net Graduate Medical Education, for the State's graduate  
44 medical education subsidy.

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### SENATE, No. 2759

# STATE OF NEW JERSEY

DATED: JUNE 18, 2018

The Senate Budget and Appropriations Committee reports favorably Senate Bill 2759.

This bill that, effective July 1, 2018, the per adjusted admission charge of \$10 assessed pursuant to Section 7 of P.L.1992, c.160 (C.26:2H-18.57) shall apply to all general acute care hospitals, rehabilitation hospitals, and long term acute care hospitals. Any General Fund savings resulting from the assessment meeting the permissibility standards set forth in 42 C.F.R. s.433.68 shall be used to create a supplemental funding pool, known as Safety Net Graduate Medical Education, for the State's graduate medical education subsidy.

#### FISCAL IMPACT:

The Office of Legislative Services estimates that the bill will result in indeterminate annual increases in State revenue collections, federal matching funds received by the State, and expenditures of the additional State and federal funds.

STATEMENT TO  
**SENATE, No. 2759**

with Senate Floor Amendments  
(Proposed by Senator RUIZ)

ADOPTED: JUNE 21, 2018

These amendments appropriate \$24,285,714 for the Safety Net Graduate Medical Education pool established in the bill, establish the criteria by which funds in the pool shall be made available, and establish the manner in which payments to eligible hospitals shall be made.

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

## SENATE, No. 2759 STATE OF NEW JERSEY 218th LEGISLATURE

DATED: JUNE 27, 2018

### SUMMARY

- Synopsis:** Expands per adjusted admission charge on hospitals to create supplemental funding pool for State's graduate medical education subsidy.
- Type of Impact:** Annual State Revenue and Expenditure Increases to the General Fund.
- Agencies Affected:** Department of Health.

#### Office of Legislative Services Estimate

Fiscal Impact	First Fiscal Year of Implementation	Fiscal Years Thereafter
State Revenue Increase	Indeterminate	Indeterminate
State Expenditure Increase	\$24.3 million	Indeterminate

- The Office of Legislative Services (OLS) estimates that the bill will result in indeterminate annual increases in State revenue collections, federal matching funds received by the State, and expenditures of the additional State and federal resources.
- In the first fiscal year of bill's enactment, General Fund expenditures will increase by \$24.3 million due to a one-time appropriation to the Safety Net Graduate Medical Education (GME) funding pool established in the bill.

### BILL DESCRIPTION

This bill provides that, effective July 1, 2018, the per adjusted admission charge of \$10 assessed pursuant to N.J.S.A.26:2H-18.57 shall apply to all general acute care hospitals, rehabilitation hospitals, and long-term acute care hospitals. Any General Fund savings resulting from the charge meeting the permissibility standards set forth in 42 C.F.R. s.433.68 shall be used to create a supplemental funding pool, known as Safety Net GME, for the State's graduate medical education subsidy.

The charge currently applies only to acute care hospital admissions and collections are dedicated to the Department of Health for administrative costs related to health planning (50 percent) and to carry out the department's duties under P.L.1992, c.160 (50 percent).

The bill also appropriates \$24,285,714 from the General Fund for the Safety Net GME funding pool established in the bill, establishes the criteria by which funds in the pool shall be made available, and establishes the manner in which payments to eligible hospitals shall be made.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS estimates that the bill will result in indeterminate annual increases in State revenue collections, federal matching funds received by the State, and expenditures of the additional State and federal resources. In the first fiscal year of bill's enactment, General Fund expenditures will increase by \$24.3 million due to a one-time appropriation to the Safety Net GME funding pool established in the bill.

The bill will increase State revenues collected under the per adjusted admission charge due to the expansion of the charge to admissions at rehabilitation hospitals and long-term acute care hospitals. The charge currently applies only to acute care hospital admissions and raised \$16.7 million in State revenue in FY 2017.

According to the New Jersey Hospital Association, there are 71 acute care hospitals, 14 rehabilitation hospitals, and 10 long-term acute care hospitals in the State. The OLS does not have information regarding annual admission rates at the rehabilitation and long-term acute care hospitals and, therefore, cannot quantify the bill's annual revenue gain.

The revenue gain would be subject to the existing statutory dedication of collections from the charge to the Department of Health for administrative costs related to health planning (50 percent) and to carry out the department's duties under P.L.1992, c.160 (50 percent).

The bill will also result in a one-time expenditure from the General Fund of \$24.3 million for the Safety Net GME funding pool for the State's GME subsidy. The GME subsidy is distributed to 43 acute care hospitals in the State and supports hospital-based physician teaching programs. The Governor's FY 2019 Budget anticipates a 63.7 percent federal Medicaid match for the State's GME subsidy.

*Section:* Human Services

*Analyst:* Sarah Schmidt  
Associate Research Analyst

*Approved:* Frank W. Haines III  
Legislative Budget and Finance Officer

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



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## Newark, N.J.

# Governor Murphy Takes Action on Legislation

08/24/2018

**TRENTON** - Today, Governor Phil Murphy signed the following bills into law:

**A542 (Mazzeo, Lagana, Andrzejczak, Zwicker, Land, Benson, Downey/Ruiz, Bateman)** - Requires certain schools to maintain supply of opioid antidotes and permits emergency administration of opioid antidote by school nurse or trained employee.

**A1675 (Dancer, Conaway, Caride, Space/Beach, Smith)** - Authorizes prescribed burning in certain circumstances.

**A2035 (McKeon, Schaer/Pou, Cruz-Perez)** - Revises "New Jersey Residential Mortgage Lending Act."

**A2401 (Wimberly, Mukherji, Reynolds-Jackson/Cunningham, Gill, Turner)** - Authorizes issuance of Delta Sigma Theta license plates.

**A3463 (Murphy, Downey, Houghtaling/Gopal, Cruz-Perez)** - Requires district boards of election to report every two hours number of voters who have voted at each precinct; authorizes challengers to request reported count.

**A3628 (Greenwald, Moriarty, Murphy/Weinberg, Diegnan)** - Establishes New Jersey Civic Information Consortium.

[Copy of Statement on A3628](#)

**A3871 (Chiaravalloti, Egan/Diegnan, Cruz-Perez)** - Concerns disqualification from unemployment benefits for misconduct.

**A3904 (McKeon, Jasey, Schepisi/Cardinale, Stack)** - "Tommy's Law"; requires NJT to take certain action and adopt policies concerning person injured or killed in incidents involving NJT motorbuses and rail or light rail vehicles.

**A4120 (Pintor Marin, Tucker, DeAngelo/Rice, Ruiz)** - Authorizes special assessments and bond issuance to replace lead-contaminated water service lines.

**A4208 (Jasey, Lopez, Sumter/Rice)** - Establishes "New Jersey Complete Count Commission."

**A4249 (Wimberly, Pintor Marin/Ruiz, Vitale)** - Expands per adjusted admission charge on hospitals to create supplemental funding pool for State's graduate medical education subsidy; appropriates \$24,285,714.

**A4259 (Pintor Marin, Calabrese/Sarlo, Ruiz)** - Restructures tickets sales law.

[Copy of Statement on A4259](#)

**AJR137 (Pinkin/Greenstein)** - Designates month of July of each year as "Smart Irrigation Month."

**S2145 (Scutari, Sweeney/DeAngelo, Downey, Mukherji)** - Concerns attorney fees for workers' compensation

awards.

**SJR14 (Pou, Ruiz/Chaparro, Lopez, Jimenez)** - Designates September 20th of each year as Hispanic Journalist Pride Day.

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## Governor Phil Murphy

## Statewide

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