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No

P.L. 1999, CHAPTER 394, *approved January 18, 2000*
Senate, No. 1506 (*Second Reprint*)

1 **AN ACT** concerning the designation of children's hospitals and
2 supplementing Title 26 of the Revised Statutes.

3

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

6

7 1. The Legislature finds and declares:

8 a. It is well established that large numbers of families living in
9 New Jersey use out-of-State hospitals when a family member has a
10 serious illness, requires surgery or needs inpatient hospitalization;

11 b. The out-migration of New Jersey patients to out-of-State
12 hospitals is especially true for families seeking treatment for ill
13 children;

14 c. This out-migration of New Jersey patients to out-of-State
15 hospitals causes great hardships for the families of ill children and
16 results in a major negative impact on the State's economy;

17 d. Market research confirms that when a child requires serious
18 surgery or inpatient hospitalization, parents are more likely to select
19 a New Jersey hospital if that institution is designated as a children's
20 hospital;

21 e. The health care industry has evolved into one of high
22 specialization of care providers; and

23 f. The establishment of objective, Statewide criteria for the
24 evaluation and designation of children's hospitals in the State would:
25 require hospitals to guarantee a minimum level of health care services
26 specially geared for the care of children; give assurance and comfort
27 to parents that a hospital designated as a children's hospital provides
28 a higher, specialized level of care to children; and enable a hospital
29 designated as a children's hospital to compete fairly with out-of-State
30 hospitals for the care of New Jersey's children.

31

32 2. a. On or after the effective date of this act, no health care
33 facility in the State shall be designated as a children's hospital unless
34 the facility's purposes are consistent with those of the National
35 Association of Children's Hospitals and Related Institutions, Inc., and
36 the facility meets the requirements of this act.

37 b. In order to be eligible for designation as a children's hospital, a
38 health care facility shall generally meet one of the following

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ **Senate SHH committee amendments adopted December 17, 1998.**

² **Senate amendments adopted in accordance with Governor's recommendations January 10, 2000.**

1 classifications:

2 (1) a nonprofit, self governing independent children's hospital that
3 cares for patients with conditions normally requiring an inpatient stay
4 of under 30 days;

5 (2) a nonprofit, self-governing independent specialty or psychiatric
6 children's hospital, which includes hospitals with clinical specialization
7 in orthopedics, rehabilitation, or chronic diseases, and hospitals that
8 provide psychiatric services for the diagnosis and treatment of mental
9 illness in children and youth; or

10 (3) a nonprofit hospital, on behalf of an integral children's program
11 that cares for patients with conditions normally requiring an inpatient
12 stay of under 30 days and meets the criteria provided in section 3 of
13 this act.

14 c. A health care facility seeking designation as a children's hospital
15 shall certify to the commissioner, in a manner prescribed by the
16 commissioner, that the facility meets the requirements of this act. The
17 designation shall be effective 46 days after the commissioner receives
18 the facility's certification unless the commissioner notifies the facility
19 within 45 days, in writing, that it does not meet the requirements of
20 this act. If the commissioner determines that the facility does not meet
21 the requirements of this act, he shall specify the reasons for his
22 determination.

23

24 3. A children's program established pursuant to paragraph (3) of
25 subsection b. of section 2 of this act shall meet the following criteria:

26 a. The program shall be the primary teaching site of an organized
27 academic department of pediatrics of an approved medical school. For
28 the purposes of this act, "primary teaching site" means the location
29 ¹**【at which】** of required undergraduate clerkships and graduate
30 medical education, where¹ the academic chairman and core faculty
31 ¹**【conduct】** direct¹ clinical activities, as defined and recognized by the
32 Association of Medical School Pediatric Department Chairmen, Inc.

33 b. The program shall demonstrate that application for designation
34 by the Department of Health and Senior Services has been approved
35 by the hospital's governing body with acknowledgment and support of
36 the standards and goals set forth herein.

37 c. The organizational structure of the program shall include:

38 (1) an organizational mechanism which meets the following
39 responsibilities: safeguarding the pediatric program's resources;
40 approving the pediatric program's long range plan; and approving the
41 pediatric program's operation plans through (a) a separate,
42 autonomous governing mechanism, such as a subsidiary corporation
43 of a multi-hospital system, or (b) a standing committee of the
44 governing body charged with ongoing program review, together with
45 a foundation or community-based entity which raises funds solely for
46 the children's program, relates to the leadership of the children's

- 1 program and reports periodically to the standing committee.
- 2 (2) a medical staff and teaching program which includes:
- 3 (a) within the organized clinical medical staff, an organized clinical
4 Department of Pediatrics, which clinical pediatric staff includes
5 appropriate specialties and subspecialties to meet adequately the needs
6 of a comprehensive teaching program. The organized clinical medical
7 staff shall adopt rules concerning the care of children;
- 8 (b) an organized clinical research program;
- 9 (c) a pediatric teaching program that is approved by the Residency
10 Review Committee of the American Board of Pediatrics or an
11 equivalent appropriate body for a minimum of 12 pediatric resident
12 positions;
- 13 (d) organized outpatient clinics for children, and a defined
14 emergency room protocol for the provision of children's emergency
15 treatment; and
- 16 (e) a minimum average daily inpatient census of 45, excluding
17 normal newborns; and a hospital policy on the housing of patients
18 under an established age.
- 19 (3) an individual responsible for the administration of the children's
20 program and for patient care services, particularly the coordination
21 and direction of nursing services, who is accountable to the standing
22 committee of the governing body. This requirement shall be
23 accomplished by separate and autonomous administration for the
24 children's program, or an administrator expressly assigned to the
25 children's program.
- 26 d. The program shall meet resource allocation requirements by
27 demonstrating a commitment to community needs and adequate
28 resources for the provision of comprehensive child health care by
29 establishing either:
- 30 (1) Fiscal autonomy, as indicated by a separate Medicare provider
31 number or separate budget and control of income and expenses; or
- 32 (2) Defined costs for the children's program with: discrete cost
33 centers that allocate the cost of all services provided, overhead costs
34 and indirect costs; and a separate staffing plan.
- 35 e. The program shall have a discrete public, community identity
36 through devices such as: a distinct name or visual evidence; a discrete
37 and dedicated entrance, admitting or emergency facilities; separate
38 fund-raising activities or auxiliary; and separate and dedicated
39 publications.
- 40 f. The program shall have adequate physical space and facilities
41 provided in either a separate building or defined and contiguous space
42 within a building reserved for the housing of children. The contiguous
43 space shall include inpatient facilities, separate from obstetrics, clinic
44 space reserved for children at scheduled times, and research facilities
45 for the Department of Pediatrics.

1 4. A health care facility designated as a children's hospital pursuant
2 to this act shall be exempt from the requirement to obtain a certificate
3 of need pursuant to section 7 of P.L.1971, c.136 (C.26:2H-7) to
4 establish the hospital, but shall comply with applicable certificate of
5 need requirements regarding the establishment of specific health care
6 services within the hospital.

7
8 5. The provisions of this act shall not apply to a hospital designated
9 as a children's hospital pursuant to section 2 of P.L.1985, c.306
10 (C.26:2H-18a), section 3 of P.L.1987, c.299 (C.26:2H-18c), section
11 1 of P.L.1992, c.181 (C.26:2H-18d) or P.L.1993, c.374 (C.26:2H-
12 18e).

13
14 ²[6. The Commissioner of Health and Senior Services shall adopt
15 rules and regulations pursuant to the "Administrative Procedure Act,"
16 P.L.1968, c.410 (C.52:14B-1 et seq.) to carry out the purposes of this
17 act.]²

18
19 ²[7.]² 6.² This act shall take effect immediately ²and shall expire on
20 the 180th day after enactment. Any designation of a health care
21 facility as a children's hospital pursuant to this act shall not be affected
22 by the expiration of this act².

23
24
25 _____
26
27 Establishes criteria for designation as a children's hospital.

SENATE, No. 1506

STATE OF NEW JERSEY 208th LEGISLATURE

INTRODUCED NOVEMBER 16, 1998

Sponsored by:

Senator DONALD T. DIFRANCESCO

District 22 (Middlesex, Morris, Somerset and Union)

Senator BYRON M. BAER

District 37 (Bergen)

Co-Sponsored by:

Senators McNamara and Adler

SYNOPSIS

Establishes criteria for designation as a children's hospital.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/18/1998)

1 AN ACT concerning the designation of children's hospitals and
2 supplementing Title 26 of the Revised Statutes.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. The Legislature finds and declares:

8 a. It is well established that large numbers of families living in
9 New Jersey use out-of-State hospitals when a family member has a
10 serious illness, requires surgery or needs inpatient hospitalization;

11 b. The out-migration of New Jersey patients to out-of-State
12 hospitals is especially true for families seeking treatment for ill
13 children;

14 c. This out-migration of New Jersey patients to out-of-State
15 hospitals causes great hardships for the families of ill children and
16 results in a major negative impact on the State's economy;

17 d. Market research confirms that when a child requires serious
18 surgery or inpatient hospitalization, parents are more likely to select
19 a New Jersey hospital if that institution is designated as a children's
20 hospital;

21 e. The health care industry has evolved into one of high
22 specialization of care providers; and

23 f. The establishment of objective, Statewide criteria for the
24 evaluation and designation of children's hospitals in the State would:
25 require hospitals to guarantee a minimum level of health care services
26 specially geared for the care of children; give assurance and comfort
27 to parents that a hospital designated as a children's hospital provides
28 a higher, specialized level of care to children; and enable a hospital
29 designated as a children's hospital to compete fairly with out-of-State
30 hospitals for the care of New Jersey's children.

31
32 2. a. On or after the effective date of this act, no health care
33 facility in the State shall be designated as a children's hospital unless
34 the facility's purposes are consistent with those of the National
35 Association of Children's Hospitals and Related Institutions, Inc., and
36 the facility meets the requirements of this act.

37 b. In order to be eligible for designation as a children's hospital, a
38 health care facility shall generally meet one of the following
39 classifications:

40 (1) a nonprofit, self governing independent children's hospital that
41 cares for patients with conditions normally requiring an inpatient stay
42 of under 30 days;

43 (2) a nonprofit, self-governing independent specialty or psychiatric
44 children's hospital, which includes hospitals with clinical specialization
45 in orthopedics, rehabilitation, or chronic diseases, and hospitals that
46 provide psychiatric services for the diagnosis and treatment of mental

1 illness in children and youth; or

2 (3) a nonprofit hospital, on behalf of an integral children's program
3 that cares for patients with conditions normally requiring an inpatient
4 stay of under 30 days and meets the criteria provided in section 3 of
5 this act.

6 c. A health care facility seeking designation as a children's hospital
7 shall certify to the commissioner, in a manner prescribed by the
8 commissioner, that the facility meets the requirements of this act. The
9 designation shall be effective 46 days after the commissioner receives
10 the facility's certification unless the commissioner notifies the facility
11 within 45 days, in writing, that it does not meet the requirements of
12 this act. If the commissioner determines that the facility does not meet
13 the requirements of this act, he shall specify the reasons for his
14 determination.

15

16 3. A children's program established pursuant to paragraph (3) of
17 subsection b. of section 2 of this act shall meet the following criteria:

18 a. The program shall be the primary teaching site of an organized
19 academic department of pediatrics of an approved medical school. For
20 the purposes of this act, "primary teaching site" means the location at
21 which the academic chairman and core faculty conduct clinical
22 activities, as defined and recognized by the Association of Medical
23 School Pediatric Department Chairmen, Inc.

24 b. The program shall demonstrate that application for designation
25 by the Department of Health and Senior Services has been approved
26 by the hospital's governing body with acknowledgment and support of
27 the standards and goals set forth herein.

28 c. The organizational structure of the program shall include:

29 (1) an organizational mechanism which meets the following
30 responsibilities: safeguarding the pediatric program's resources;
31 approving the pediatric program's long range plan; and approving the
32 pediatric program's operation plans through (a) a separate,
33 autonomous governing mechanism, such as a subsidiary corporation
34 of a multi-hospital system, or (b) a standing committee of the
35 governing body charged with ongoing program review, together with
36 a foundation or community-based entity which raises funds solely for
37 the children's program, relates to the leadership of the children's
38 program and reports periodically to the standing committee.

39 (2) a medical staff and teaching program which includes:

40 (a) within the organized clinical medical staff, an organized clinical
41 Department of Pediatrics, which clinical pediatric staff includes
42 appropriate specialties and subspecialties to meet adequately the needs
43 of a comprehensive teaching program. The organized clinical medical
44 staff shall adopt rules concerning the care of children;

45 (b) an organized clinical research program;

46 (c) a pediatric teaching program that is approved by the Residency

1 Review Committee of the American Board of Pediatrics or an
2 equivalent appropriate body for a minimum of 12 pediatric resident
3 positions;

4 (d) organized outpatient clinics for children, and a defined
5 emergency room protocol for the provision of children's emergency
6 treatment; and

7 (e) a minimum average daily inpatient census of 45, excluding
8 normal newborns; and a hospital policy on the housing of patients
9 under an established age.

10 (3) an individual responsible for the administration of the children's
11 program and for patient care services, particularly the coordination
12 and direction of nursing services, who is accountable to the standing
13 committee of the governing body. This requirement shall be
14 accomplished by separate and autonomous administration for the
15 children's program, or an administrator expressly assigned to the
16 children's program.

17 d. The program shall meet resource allocation requirements by
18 demonstrating a commitment to community needs and adequate
19 resources for the provision of comprehensive child health care by
20 establishing either:

21 (1) Fiscal autonomy, as indicated by a separate Medicare provider
22 number or separate budget and control of income and expenses; or

23 (2) Defined costs for the children's program with: discrete cost
24 centers that allocate the cost of all services provided, overhead costs
25 and indirect costs; and a separate staffing plan.

26 e. The program shall have a discrete public, community identity
27 through devices such as: a distinct name or visual evidence; a discrete
28 and dedicated entrance, admitting or emergency facilities; separate
29 fund-raising activities or auxiliary; and separate and dedicated
30 publications.

31 f. The program shall have adequate physical space and facilities
32 provided in either a separate building or defined and contiguous space
33 within a building reserved for the housing of children. The contiguous
34 space shall include inpatient facilities, separate from obstetrics, clinic
35 space reserved for children at scheduled times, and research facilities
36 for the Department of Pediatrics.

37
38 4. A health care facility designated as a children's hospital pursuant
39 to this act shall be exempt from the requirement to obtain a certificate
40 of need pursuant to section 7 of P.L.1971, c.136 (C.26:2H-7) to
41 establish the hospital, but shall comply with applicable certificate of
42 need requirements regarding the establishment of specific health care
43 services within the hospital.

44
45 5. The provisions of this act shall not apply to a hospital designated
46 as a children's hospital pursuant to section 2 of P.L.1985, c.306

1 (C.26:2H-18a), section 3 of P.L.1987, c.299 (C.26:2H-18c), section
2 1 of P.L.1992, c.181 (C.26:2H-18d) or P.L.1993, c.374 (C.26:2H-
3 18e).

4

5 6. The Commissioner of Health and Senior Services shall adopt
6 rules and regulations pursuant to the "Administrative Procedure Act,"
7 P.L.1968, c.410 (C.52:14B-1 et seq.) to carry out the purposes of this
8 act.

9

10 7. This act shall take effect immediately.

11

12

13

STATEMENT

14

15 In addition to the four hospitals currently designated on a regional
16 basis as children's hospitals in the State, this bill would allow for
17 additional designations based on the objective criteria of the National
18 Association of Children's Hospitals and Related Institutions, Inc.
19 (NACHRI). The bill sets forth specific criteria that a hospital would
20 be required to meet in order to be designated as a children's hospital
21 in the State.

22 NACHRI is a national organization with detailed and extensive
23 criteria for acceptance as a children's hospital. NACHRI is a
24 membership association of hospitals and institutions, the programs of
25 which are primarily clinical rather than social, educational, or custodial
26 in nature.

SENATE HEALTH COMMITTEE

STATEMENT TO

SENATE, No. 1506

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 17, 1998

The Senate Health Committee reports favorably and with committee amendments Senate Bill No. 1506.

As amended by committee, this bill provides that on or after the effective date of the bill, no health care facility in the State shall be designated as a children's hospital unless the facility's purposes are consistent with those of the National Association of Children's Hospitals and Related Institutions, Inc., and the facility meets the requirements in the bill:

A health care facility seeking designation as a children's hospital shall certify to the Commissioner of Health and Senior Services, in a manner prescribed by the commissioner, that the facility meets the requirements of the bill. The designation shall be effective 46 days after the commissioner receives the facility's certification unless the commissioner notifies the facility within 45 days, in writing, that it does not meet the requirements. If the commissioner determines that the facility does not meet the requirements, he shall specify the reasons for his determination.

In order to be eligible for designation as a children's hospital, a health care facility shall generally meet one of the following classifications:

- a nonprofit, self-governing independent children's hospital that cares for patients with conditions normally requiring an inpatient stay of under 30 days;

- a nonprofit, self-governing independent specialty or psychiatric children's hospital, which includes hospitals with clinical specialization in orthopedics, rehabilitation, or chronic diseases and hospitals that provide psychiatric services for the diagnosis and treatment of mental illness in children and youth; or

- a nonprofit hospital, on behalf of an integral children's program that cares for patients with conditions normally requiring an inpatient stay of under 30 days and meets the criteria set forth in the bill. An integral children's program shall meet the specific criteria set forth in the bill.

The bill provides that a health care facility designated as a children's hospital pursuant to the bill shall be exempt from the

requirement to obtain a certificate of need pursuant to N.J.S.A.26:2H-7 to establish the hospital, but shall comply with applicable certificate of need requirements regarding the establishment of specific health care services within the hospital.

The provisions of the bill do not apply to a hospital already designated as a children's hospital pursuant to N.J.S.A.26:2H-18a (Children's Hospital of New Jersey at Newark Beth Israel Medical Center), N.J.S.A.26:2H-18c (Cooper Hospital/University Medical Center), N.J.S.A.26:2H-18d (Robert Wood Johnson University Hospital/St.Peter's University Hospital) or N.J.S.A.26:2H-18e (St. Joseph's Hospital and Medical Center).

NACHRI is a national organization with detailed and extensive criteria for acceptance as a children's hospital. NACHRI is a membership association of hospitals and institutions, the programs of which are primarily clinical rather than social, educational, or custodial in nature.

The committee amended the bill to revise the definition of "primary teaching site" to conform it with the NACHRI definition of the term.

ASSEMBLY, No. 2618

STATE OF NEW JERSEY 208th LEGISLATURE

INTRODUCED NOVEMBER 9, 1998

Sponsored by:

Assemblyman NICHOLAS R. FELICE
District 40 (Bergen and Passaic)
Assemblyman JOSEPH V. DORIA, JR.
District 31 (Hudson)

Co-Sponsored by:

Assemblymen DiGaetano, Conaway, Blee, Assemblywomen Weinberg,
Crecco and Quigley

SYNOPSIS

Establishes criteria for designation as a children's hospital.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/19/1999)

1 AN ACT concerning the designation of children's hospitals and
2 supplementing Title 26 of the Revised Statutes.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. The Legislature finds and declares:

8 a. It is well established that large numbers of families living in New
9 Jersey use out-of-State hospitals when a family member has a serious
10 illness, requires surgery or needs inpatient hospitalization;

11 b. The out-migration of New Jersey patients to out-of-State
12 hospitals is especially true for families seeking treatment for ill
13 children;

14 c. This out-migration of New Jersey patients to out-of-State
15 hospitals causes great hardships for the families of ill children and
16 results in a major negative impact on the State's economy;

17 d. Market research confirms that when a child requires serious
18 surgery or inpatient hospitalization, parents are more likely to select
19 a New Jersey hospital if that institution is designated as a children's
20 hospital;

21 e. The health care industry has evolved into one of high
22 specialization of care providers; and

23 f. The establishment of objective, Statewide criteria for the
24 evaluation and designation of children's hospitals in the State would:
25 require hospitals to guarantee a minimum level of health care services
26 specially geared for the care of children; give assurance and comfort
27 to parents that a hospital designated as a children's hospital provides
28 a higher, specialized level of care to children; and enable a hospital
29 designated as a children's hospital to compete fairly with out-of-State
30 hospitals for the care of New Jersey's children.

31
32 2. a. On or after the effective date of this act, no health care
33 facility in the State shall be designated as a children's hospital unless
34 the facility's purposes are consistent with those of the National
35 Association of Children's Hospitals and Related Institutions, Inc., and
36 the facility meets the requirements of this act.

37 b. In order to be eligible for designation as a children's hospital, a
38 health care facility shall generally meet one of the following
39 classifications:

40 (1) a nonprofit, self governing independent children's hospital that
41 cares for patients with conditions normally requiring an inpatient stay
42 of under 30 days;

43 (2) a nonprofit, self-governing independent specialty or psychiatric
44 children's hospital, which includes hospitals with clinical specialization
45 in orthopedics, rehabilitation, or chronic diseases, and hospitals that
46 provide psychiatric services for the diagnosis and treatment of mental

1 illness in children and youth; or

2 (3) a nonprofit hospital, on behalf of an integral children's program
3 that cares for patients with conditions normally requiring an inpatient
4 stay of under 30 days and meets the criteria provided in section 3 of
5 this act.

6 c. A health care facility seeking designation as a children's hospital
7 shall certify to the commissioner, in a manner prescribed by the
8 commissioner, that the facility meets the requirements of this act. The
9 designation shall be effective 46 days after the commissioner receives
10 the facility's certification unless the commissioner notifies the facility
11 within 45 days, in writing, that it does not meet the requirements of
12 this act. If the commissioner determines that the facility does not meet
13 the requirements of this act, he shall specify the reasons for his
14 determination.

15

16 3. A children's program established pursuant to paragraph (3) of
17 subsection b. of section 2 of this act shall meet the following criteria:

18 a. The program shall be the primary teaching site of an organized
19 academic department of pediatrics of an approved medical school. For
20 the purposes of this act, "primary teaching site" means the location at
21 which the academic chairman and core faculty conduct clinical
22 activities, as defined and recognized by the Association of Medical
23 School Pediatric Department Chairmen, Inc.

24 b. The program shall demonstrate that application for designation
25 by the Department of Health and Senior Services has been approved
26 by the hospital's governing body with acknowledgment and support of
27 the standards and goals set forth herein.

28 c. The organizational structure of the program shall include:

29 (1) an organizational mechanism which meets the following
30 responsibilities: safeguarding the pediatric program's resources;
31 approving the pediatric program's long range plan; and approving the
32 pediatric program's operation plans through (a) a separate,
33 autonomous governing mechanism, such as a subsidiary corporation
34 of a multi-hospital system, or (b) a standing committee of the
35 governing body charged with ongoing program review, together with
36 a foundation or community-based entity which raises funds solely for
37 the children's program, relates to the leadership of the children's
38 program and reports periodically to the standing committee.

39 (2) a medical staff and teaching program which includes:

40 (a) within the organized clinical medical staff, an organized clinical
41 Department of Pediatrics, which clinical pediatric staff includes
42 appropriate specialties and subspecialties to meet adequately the needs
43 of a comprehensive teaching program. The organized clinical medical
44 staff shall adopt rules concerning the care of children;

45 (b) an organized clinical research program;

46 (c) a pediatric teaching program that is approved by the Residency

1 Review Committee of the American Board of Pediatrics or an
2 equivalent appropriate body for a minimum of 12 pediatric resident
3 positions;

4 (d) organized outpatient clinics for children, and a defined
5 emergency room protocol for the provision of children's emergency
6 treatment; and

7 (e) a minimum average daily inpatient census of 45, excluding
8 normal newborns; and a hospital policy on the housing of patients
9 under an established age.

10 (3) an individual responsible for the administration of the children's
11 program and for patient care services, particularly the coordination
12 and direction of nursing services, who is accountable to the standing
13 committee of the governing body. This requirement shall be
14 accomplished by separate and autonomous administration for the
15 children's program, or an administrator expressly assigned to the
16 children's program.

17 d. The program shall meet resource allocation requirements by
18 demonstrating a commitment to community needs and adequate
19 resources for the provision of comprehensive child health care by
20 establishing either:

21 (1) Fiscal autonomy, as indicated by a separate Medicare provider
22 number or separate budget and control of income and expenses; or

23 (2) Defined costs for the children's program with: discrete cost
24 centers that allocate the cost of all services provided, overhead costs
25 and indirect costs; and a separate staffing plan.

26 e. The program shall have a discrete public, community identity
27 through devices such as: a distinct name or visual evidence; a discrete
28 and dedicated entrance, admitting or emergency facilities; separate
29 fund-raising activities or auxiliary; and separate and dedicated
30 publications.

31 f. The program shall have adequate physical space and facilities
32 provided in either a separate building or defined and contiguous space
33 within a building reserved for the housing of children. The contiguous
34 space shall include inpatient facilities, separate from obstetrics, clinic
35 space reserved for children at scheduled times, and research facilities
36 for the Department of Pediatrics.

37
38 4. A health care facility designated as a children's hospital pursuant
39 to this act shall be exempt from the requirement to obtain a certificate
40 of need pursuant to section 7 of P.L.1971, c.136 (C.26:2H-7) to
41 establish the hospital, but shall comply with applicable certificate of
42 need requirements regarding the establishment of specific health care
43 services within the hospital.

44
45 5. The provisions of this act shall not apply to a hospital designated
46 as a children's hospital pursuant to section 2 of P.L.1985, c.306

1 (C.26:2H-18a), section 3 of P.L.1987, c.299 (C.26:2H-18c), section
2 1 of P.L.1992, c.181 (C.26:2H-18d) or P.L.1993, c.374 (C.26:2H-
3 18e).

4

5 6. The Commissioner of Health and Senior Services shall adopt
6 rules and regulations pursuant to the "Administrative Procedure Act,"
7 P.L.1968, c.410 (C.52:14B-1 et seq.) to carry out the purposes of this
8 act.

9

10 7. This act shall take effect immediately.

11

12

13

STATEMENT

14

15 In addition to the four hospitals currently designated on a regional
16 basis as children's hospitals in the State, this bill would allow for
17 additional designations based on the objective criteria of the National
18 Association of Children's Hospitals and Related Institutions, Inc.
19 (NACHRI). The bill sets forth specific criteria that a hospital would
20 be required to meet in order to be designated as a children's hospital
21 in the State.

22 NACHRI is a national organization with detailed and extensive
23 criteria for acceptance as a children's hospital. NACHRI is a
24 membership association of hospitals and institutions, the programs of
25 which are primarily clinical rather than social, educational, or custodial
26 in nature.

ASSEMBLY HEALTH COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2618

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 29, 1999

The Assembly Health Committee reports favorably and with committee amendments Assembly Bill No. 2618.

As amended by the committee, this bill provides that on or after the effective date of the bill, no health care facility in the State shall be designated as a children's hospital unless the facility's purposes are consistent with those of the National Association of Children's Hospitals and Related Institutions, Inc. (NACHRI), and the facility meets the requirements in the bill.

The bill requires that a health care facility seeking designation as a children's hospital certify to the Commissioner of Health and Senior Services, in a manner prescribed by the commissioner, that the facility meets the requirements of the bill. The designation shall be effective 46 days after the commissioner receives the facility's certification unless the commissioner notifies the facility within 45 days, in writing, that it does not meet the requirements. If the commissioner determines that the facility does not meet the requirements, he shall specify the reasons for his determination.

In order to be eligible for designation as a children's hospital, a health care facility shall generally meet one of the following classifications:

- a nonprofit, self-governing independent children's hospital that cares for patients with conditions normally requiring an inpatient stay of under 30 days;

- a nonprofit, self-governing independent specialty or psychiatric children's hospital, which includes hospitals with clinical specialization in orthopedics, rehabilitation, or chronic diseases and hospitals that provide psychiatric services for the diagnosis and treatment of mental illness in children and youth; or

- a nonprofit hospital, on behalf of an integral children's program that cares for patients with conditions normally requiring an inpatient stay of under 30 days and meets the criteria set forth in the bill. An integral children's program shall meet the specific criteria set forth in the bill.

The bill provides that a health care facility designated as a children's hospital pursuant to the bill shall be exempt from the

requirement to obtain a certificate of need pursuant to N.J.S.A.26:2H-7 to establish the hospital, but shall comply with applicable certificate of need requirements regarding the establishment of specific health care services within the hospital.

The provisions of the bill do not apply to a hospital already designated as a children's hospital pursuant to N.J.S.A.26:2H-18a (Children's Hospital of New Jersey at Newark Beth Israel Medical Center), N.J.S.A.26:2H-18c (Cooper Hospital/University Medical Center), N.J.S.A.26:2H-18d (Robert Wood Johnson University Hospital/St.Peter's University Hospital) or N.J.S.A.26:2H-18e (St. Joseph's Hospital and Medical Center).

NACHRI is a national organization with detailed and extensive criteria for acceptance as a children's hospital. NACHRI is a membership association of hospitals and institutions, the programs of which are primarily clinical rather than social, educational, or custodial in nature.

The committee amended the bill to revise the definition of "primary teaching site" to conform it with the NACHRI definition of the term.

As reported by the committee, this bill is identical to Senate Bill No. 1506 (1R) (DiFrancesco/Baer), which is currently pending in the Senate.

**SENATE BILL NO. 1506
(First Reprint)**

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Bill No. 1506 (First Reprint) with my recommendations for reconsideration.

SUMMARY OF THE BILL

New Jersey currently designates four health care facilities on a regional basis as children's hospitals. This bill would allow for additional designations based on nationally accepted criteria established by the National Association of Children's Hospitals and Related Institutions, Inc. The bill sets forth specific criteria that a health care facility would be required to meet in order to be designated as a children's hospital. The bill specifically exempts any facility which meets these criteria from any certificate of need ("CN") requirement. In order to receive designation as a children's hospital, a health care facility must certify to the Department of Health and Senior Services ("Department") that it meets the requirements of the bill. The bill directs the Commissioner of Health and Senior Services to adopt rules and regulations to carry out the purposes of this Act. The designation will become effective unless the Department notifies the facility within 45 days of receipt of the certification, in writing, that it does not meet the requirements of the Act.

B. RECOMMENDED ACTION

I commend the sponsors of this bill for their efforts to insure that children's hospitals are designated based upon nationally accepted standards. In 1997, working with the Legislature, I enacted CN reform legislation establishing a CN Study Commission to comprehensively review the need for a CN for certain enumerated services and make recommendations for CN reform to both the Governor and Legislature. Because Senate Bill No. 1506 (First Reprint) establishes a permanent statutory criteria for the designation of children's hospitals, this bill would undermine the work of the CN Study Commission and create an inflexible designation process; therefore, I am returning this bill with my recommendations for reconsideration. Specifically, I recommend a six-month designation period under the bill's criteria, but would sunset such designation authority within six months of enactment. Thereafter, DHSS could adopt regulations incorporating the CN

Study Commission's recommendations for future designations of children's hospitals.

Therefore, I herewith return Senate Bill No. 1506 and recommend that it be amended as follows:

Page 5, Lines 10-13: Delete in their entirety.

Page 5, Line 15: After "immediately" insert "and shall expire on the 180th day after enactment. Any designation of a health care facility as a children's hospital pursuant to this act shall not be affected by the expiration of this act"

Respectfully,

Christine Todd Whitman
Governor

Attest:

Richard S. Mroz
Chief Counsel to the Governor