

26:2H-18.58

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2005 **CHAPTER:** 237

NJSA: 26:2H-18.58 (Concerns funding for federally qualified health centers)

BILL NO: S2260 (Substituted for A4026)

SPONSOR(S): Bryant and others

DATE INTRODUCED: January 24, 2005

COMMITTEE: **ASSEMBLY:** Budget
SENATE: Budget and Appropriations

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** June 27, 2005

SENATE: March 21, 2005

DATE OF APPROVAL: September 26, 2005

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) (1st reprint enacted)

S2260

[SPONSOR'S STATEMENT:](#) (Begins on page 4 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** [Yes](#)

SENATE: [Yes](#)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

A4026

[SPONSOR'S STATEMENT:](#) (Begins on page 4 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** [Yes](#)

SENATE: No

FLOOR AMENDMENT STATEMENT: No

[LEGISLATIVE FISCAL ESTIMATE:](#) [Yes](#)

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

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No

IS 11/20/07

P.L. 2005, CHAPTER 237, *approved September 26, 2005*
Senate, No. 2260 (*First Reprint*)

1 **AN ACT** concerning funding for federally qualified health centers and
2 amending P.L.1992, c.160.

3

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

6

7 1. Section 8 of P.L.1992, c.160 (C.26:2H-18.58) is amended to
8 read as follows:

9 8. There is established the Health Care Subsidy Fund in the
10 Department of Health and Senior Services.

11 a. The fund shall be comprised of revenues from employee and
12 employer contributions made pursuant to section 29 of P.L.1992,
13 c.160 (C.43:21-7b), revenues from the hospital assessment made
14 pursuant to section 12 of P.L.1992, c.160 (C.26:2H-18.62), revenues
15 pursuant to section 11 of P.L.1996, c.28 (C.26:2H-18.58c), revenues
16 from interest and penalties collected pursuant to this act and revenues
17 from such other sources as the Legislature shall determine. Interest
18 earned on the monies in the fund shall be credited to the fund. The
19 fund shall be a nonlapsing fund dedicated for use by the State to: (1)
20 distribute charity care and other uncompensated care disproportionate
21 share payments to hospitals, and other eligible providers pursuant to
22 section 8 of P.L.1996, c.28 (C.26:2H-18.59f), provide subsidies for
23 the Health Access New Jersey program established pursuant to section
24 15 of P.L.1992, c.160 (C.26:2H-18.65), and provide funding for
25 children's health care coverage pursuant to P.L.1997, c.272 (C.30:4I-1
26 et seq.); (2) **[assist hospitals and other health care facilities in the**
27 **underwriting of innovative and necessary health care services]** provide
28 funding for federally qualified health centers pursuant to section 12 of
29 P.L.1992, c.160 (C.26:2H-18.62); and (3) provide for the payment in
30 State fiscal year 2002 of appropriate Medicaid expenses, subject to the
31 approval of the Director of the Division of Budget and Accounting.

32 b. The fund shall be administered by a person appointed by the
33 commissioner.

34 The administrator of the fund is responsible for overseeing and
35 coordinating the collection and reimbursement of fund monies. The
36 administrator is responsible for promptly informing the commissioner
37 if monies are not or are not reasonably expected to be collected or
38 disbursed.

39 c. The commissioner shall adopt rules and regulations to ensure
40 the integrity of the fund, pursuant to the "Administrative Procedure

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:

¹ **Senate SBA committee amendments adopted March 7, 2005.**

1 Act," P.L.1968, c.410 (C.52:14B-1 et seq.).

2 d. The administrator shall establish separate accounts for the
3 charity care component of the disproportionate share hospital subsidy,
4 other uncompensated care component of the disproportionate share
5 hospital subsidy, [hospital and other health care initiatives] federally
6 qualified health centers funding and the payments for subsidies for
7 insurance premiums to provide care in disproportionate share
8 hospitals, known as the Health Access New Jersey subsidy account,
9 respectively.

10 e. In the event that the charity care component of the
11 disproportionate share hospital subsidy account has a surplus in a
12 given year after payments are distributed pursuant to the methodology
13 established in section 13 of P.L.1995, c.133 (C.26:2H-18.59b) and
14 section 7 of P.L.1996, c.28 (C.26:2H-18.59e) and within the
15 limitations provided in subsection e. of section 9 of P.L.1992, c.160
16 (C.26:2H-18.59), the surplus monies in calendar years 2002, 2003 and
17 2004 shall lapse to the unemployment compensation fund established
18 pursuant to R.S.43:21-9, and each year thereafter shall lapse to the
19 charity care component of the disproportionate share hospital subsidy
20 account for distribution in subsequent years.

21 (cf: P.L.2003, c. 107, s.1)

22

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

25 12. a. [The monies in the hospital and other health care initiatives
26 account are appropriated for the establishment of a program which will
27 assist hospitals and other health care facilities in the underwriting of
28 innovative and necessary health care services and provide funding for
29 public or private health care programs, which may include any
30 program funded pursuant to section 25 of P.L.1991, c.187
31 (C.26:2H-18.47), managed care regulation and oversight pursuant to
32 P.L.1997, c.192 (C.26:2S-1 et al.), administration and enforcement of
33 health care facility licensing requirements pursuant to P.L.1971, c.136
34 (C.26:2H-1 et seq.), and for such other programs that the
35 commissioner deems necessary or appropriate to carry out the
36 provisions of section 5 of P.L.1992, c.160 (C.26:2H-18.55).

37 The commissioner shall develop equitable regulations regarding
38 eligibility for and access to the financial assistance, within six months
39 of the effective date of this act.] (Deleted by amendment, P.L. _____,
40 c. _____ (pending before the Legislature as this bill)).

41 b. [Such funds as may be necessary shall be transferred by the
42 department from the fund to the Division of Medical Assistance and
43 Health Services in the Department of Human Services for payment to
44 disproportionate share hospitals.] (Deleted by amendment, P.L. _____,
45 c. _____ (pending before the Legislature as this bill)).

46 c. (1) Notwithstanding any law to the contrary, each general

1 hospital and each specialty heart hospital shall pay .53% of its total
2 operating revenue to the department for deposit in the Health Care
3 Subsidy Fund, except that the amount to be paid by a hospital in a
4 given year shall be ¹[adjusted by the commissioner and]¹ prorated by
5 the department so as not to exceed the ~~[\$40 million]~~ ¹\$40 million¹
6 limit set forth in this subsection. The hospital shall make monthly
7 payments to the department beginning July 1, 1993, except that the
8 total amount paid into the Health Care Subsidy Fund plus interest shall
9 not exceed \$40 million per year ¹[supplemented by an annual amount
10 equal to the largest line-item appropriation of monies from the General
11 Fund provided for the support of federally qualified health centers in
12 the State prior to fiscal year 2006]¹. The commissioner shall
13 determine the manner in which the payments shall be made.

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

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

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

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

34 Monies allocated¹ to the support of federally qualified health
35 centers in the State ¹[.] under this paragraph shall be used¹ for the
36 purpose of compensating them for health care services provided to
37 uninsured patients.

38 d. The monies paid by the hospitals ¹and allocated under
39 subsection c. of this section for the support of federally qualified
40 health centers¹ shall be credited to the ~~[hospital and other health care~~
41 ~~initiatives]~~ federally qualified health centers account.

42 (cf: P.L.2004, c.54, s.2)

43

44 3. This act shall take effect on July 1, 2005; except that the
45 Commissioner of Health and Senior Services may take such
46 anticipatory administrative action in advance as shall be necessary for

1 the implementation of the act.

2

3

4

5

6 Allocates monies from assessment on hospital operating revenues to

7 support federally qualified health centers.

SENATE, No. 2260

STATE OF NEW JERSEY
211th LEGISLATURE

INTRODUCED JANUARY 24, 2005

Sponsored by:

Senator WAYNE R. BRYANT

District 5 (Camden and Gloucester)

Senator NIA H. GILL

District 34 (Essex and Passaic)

Co-Sponsored by:

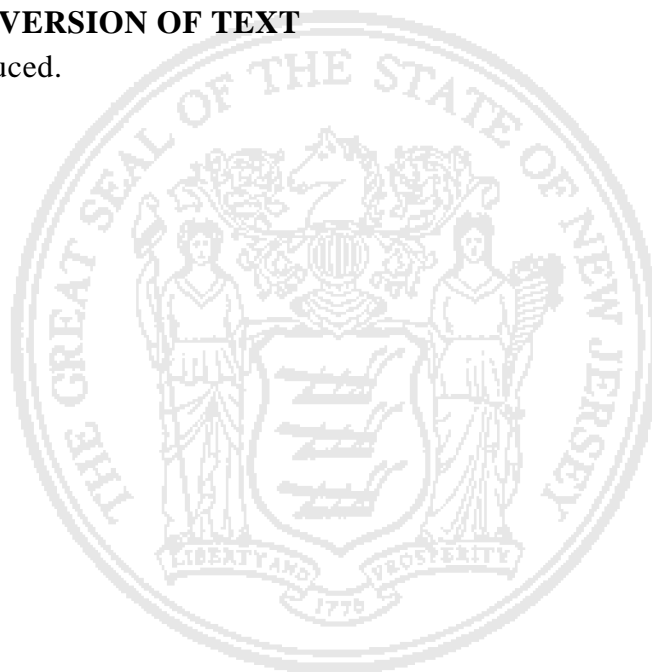
Senator Kavanaugh

SYNOPSIS

Allocates monies from assessment on hospital operating revenues to support federally qualified health centers.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/8/2005)

S2260 BRYANT, GILL

2

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15 pursuant to section 11 of P.L.1996, c.28 (C.26:2H-18.58c), revenues
16 from interest and penalties collected pursuant to this act and revenues
17 from such other sources as the Legislature shall determine. Interest
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20 distribute charity care and other uncompensated care disproportionate
21 share payments to hospitals, and other eligible providers pursuant to
22 section 8 of P.L.1996, c.28 (C.26:2H-18.59f), provide subsidies for
23 the Health Access New Jersey program established pursuant to section
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27 **underwriting of innovative and necessary health care services]** provide
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29 P.L.1992, c.160 (C.26:2H-18.62); and (3) provide for the payment in
30 State fiscal year 2002 of appropriate Medicaid expenses, subject to the
31 approval of the Director of the Division of Budget and Accounting.

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33 commissioner.

34 The administrator of the fund is responsible for overseeing and
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37 if monies are not or are not reasonably expected to be collected or
38 disbursed.

39 c. The commissioner shall adopt rules and regulations to ensure
40 the integrity of the fund, pursuant to the "Administrative Procedure
41 Act," P.L.1968, c.410 (C.52:14B-1 et seq.).

42 d. The administrator shall establish separate accounts for the
43 charity care component of the disproportionate share hospital subsidy,

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5 hospitals, known as the Health Access New Jersey subsidy account,
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8 disproportionate share hospital subsidy account has a surplus in a
9 given year after payments are distributed pursuant to the methodology
10 established in section 13 of P.L.1995, c.133 (C.26:2H-18.59b) and
11 section 7 of P.L.1996, c.28 (C.26:2H-18.59e) and within the
12 limitations provided in subsection e. of section 9 of P.L.1992, c.160
13 (C.26:2H-18.59), the surplus monies in calendar years 2002, 2003 and
14 2004 shall lapse to the unemployment compensation fund established
15 pursuant to R.S.43:21-9, and each year thereafter shall lapse to the
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17 account for distribution in subsequent years.
18 (cf: P.L.2003, c. 107, s.1)

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23 account are appropriated for the establishment of a program which will
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27 program funded pursuant to section 25 of P.L.1991, c.187
28 (C.26:2H-18.47), managed care regulation and oversight pursuant to
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31 (C.26:2H-1 et seq.), and for such other programs that the
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33 provisions of section 5 of P.L.1992, c.160 (C.26:2H-18.55).

34 The commissioner shall develop equitable regulations regarding
35 eligibility for and access to the financial assistance, within six months
36 of the effective date of this act.] (Deleted by amendment, P.L. _____,
37 c. (pending before the Legislature as this bill)).

38 b. [Such funds as may be necessary shall be transferred by the
39 department from the fund to the Division of Medical Assistance and
40 Health Services in the Department of Human Services for payment to
41 disproportionate share hospitals.] (Deleted by amendment, P.L. _____,
42 c. (pending before the Legislature as this bill)).

43 c. (1) Notwithstanding any law to the contrary, each general
44 hospital and each specialty heart hospital shall pay .53% of its total
45 operating revenue to the department for deposit in the Health Care
46 Subsidy Fund, except that the amount to be paid by a hospital in a

1 given year shall be adjusted by the commissioner and prorated by the
2 department so as not to exceed the **[\$40 million]** limit set forth in this
3 subsection. The hospital shall make monthly payments to the
4 department beginning July 1, 1993, except that the total amount paid
5 into the Health Care Subsidy Fund plus interest shall not exceed \$40
6 million per year supplemented by an annual amount equal to the largest
7 line-item appropriation of monies from the General Fund provided for
8 the support of federally qualified health centers in the State prior to
9 fiscal year 2006. The commissioner shall determine the manner in
10 which the payments shall be made.

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

16 (2) The commissioner shall allocate the monies paid by hospitals
17 pursuant to paragraph (1) of this subsection to the support of federally
18 qualified health centers in the State, for the purpose of compensating
19 them for health care services provided to uninsured patients.

20 d. The monies paid by the hospitals shall be credited to the
21 **[hospital and other health care initiatives]** federally qualified health
22 centers account.

23 (cf: P.L.2004, c.54, s.2)

24

25 3. This act shall take effect on July 1, 2005; except that the
26 Commissioner of Health and Senior Services may take such
27 anticipatory administrative action in advance as shall be necessary for
28 the implementation of the act.

29

30

31

STATEMENT

32

33 This bill provides new funding to support the operation of those
34 community health centers which have been designated as federally
35 qualified health centers (FQHCs) in the State.

36 Specifically, commencing in fiscal year 2006, the bill allocates the
37 monies collected from the assessment on hospital operating revenues
38 pursuant to N.J.S.A.26:2H-18.62, which under current law cannot
39 exceed \$40 million, to the support of FQHCs, for the purpose of
40 compensating them for health care services provided to uninsured
41 patients. In addition, the bill authorizes the Commissioner of Health
42 and Senior Services to adjust the assessment, which is currently .53%
43 of a hospital's total operating revenue, in order to supplement the
44 amount collected under the current assessment by an annual amount
45 equal to the largest line-item appropriation of monies from the General
46 Fund provided for the support of FQHCs in the State prior to fiscal
47 year 2006.

S2260 BRYANT, GILL

5

1 The Legislature has recognized the need for the funding provided
2 under this bill by including a \$10 million appropriation to the
3 Department of Health and Senior Services for FQHCs in each of the
4 last two annual appropriations acts; and, by the end of this fiscal year,
5 it is expected that the number of New Jerseyans accessing care at
6 FQHCs will increase to over 250,000. The number of individuals in
7 this State without health care coverage continues to increase each year
8 and now exceeds 1.3 million.

9 The funding provided by this bill will ensure that these "safety net"
10 providers of primary care services to the uninsured of this State
11 receive a critically needed revenue stream to support their continued
12 operations on an annual basis. The provisions of this bill are intended
13 to utilize the monies collected from the assessment on hospital
14 operating revenues for a purpose consistent with the original
15 legislative intent underlying the affected statute, which was to expand
16 access to health care for the uninsured.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 2260

STATE OF NEW JERSEY

DATED: JUNE 22, 2005

The Assembly Budget Committee reports favorably Senate Bill No. 2260 (1R).

Senate Bill No. 2260 (1R) provides new funding to support the operation of those community health centers that have been designated as federally qualified health centers (FQHCs) in the State.

The new funding will come from an increase in the allocation to FQHC's of the \$40 million collected each year from the assessment on hospital operating revenues under N.J.S.A.26:2H-18.62. In recent years, appropriations from these funds to the Department of Health and Senior Services (DHSS) for FQHCs have amounted to roughly \$11 million annually. Under the bill:

(1) In fiscal years 2006 and 2007, \$35 million from collections of the hospital operating assessment would be allocated to the support of FQHCs for the purpose of compensating them for health care services to uninsured patients. The remaining \$5 million in assessment collections during those fiscal years would be allocated to (a) the infant mortality reduction program in DHSS, (b) the primary care physician and dentist loan redemption program in the Higher Education Student Assistance Authority, and (c) DHSS's program for the development and use of health information electronic data exchange technology; and

(2) In subsequent fiscal years, the entire \$40 million from these monies would be allocated to the support of FQHCs.

As reported, this bill is identical to Assembly Bill No. 4026, as also reported by the committee.

FISCAL IMPACT

This legislation will have no direct fiscal impact on budgeted State expenditures, as receipts from the hospital operating revenue assessment are not included as budgeted revenue. The legislation would have the effect of reallocating a substantial portion of those receipts from support of other care initiatives to support of FQHCs.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2260

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 7, 2005

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 2260.

This bill provides new funding to support the operation of those community health centers that have been designated as federally qualified health centers (FQHCs) in the State.

The new funding will come from an increase in the allocation to FQHC's of the \$40 million collected each year from the assessment on hospital operating revenues under N.J.S.A.26:2H-18.62. In recent years, appropriations from these funds to the Department of Health and Senior Services (DHSS) for FQHCs have amounted to roughly \$11 million annually. Under the bill:

(1) In fiscal years 2006 and 2007, \$35 million from collections of the hospital operating assessment would be allocated to the support of FQHCs for the purpose of compensating them for health care services to uninsured patients. The remaining \$5 million in assessment collections during those fiscal years would be allocated to (a) the infant mortality reduction program in DHSS, (b) the primary care physician and dentist loan redemption program in the Higher Education Student Assistance Authority, and (c) DHSS's program for the development and use of health information electronic data exchange technology; and

(2) In subsequent fiscal years, the entire \$40 million from these monies would be allocated to the support of FQHCs.

COMMITTEE AMENDMENTS

Committee amendments to this bill:

(1) Remove language increasing the amount collected under the current assessment (\$40 million) by an annual amount equal to the largest line-item appropriation of monies from the General Fund provided for the support of FQHCs in the State prior to fiscal year 2006. In conjunction with this change, the amendments also delete language authorizing the Commissioner of Health and Senior Services to adjust the assessment rate from the current .53% of a hospital's total operating revenue; and

(2) Incorporate the provisions for annual allocation in fiscal years 2006 and 2007 of the \$5 million that will fund non-FQHC programs in those fiscal years.

FISCAL IMPACT

This legislation will have no direct fiscal impact on budgeted State expenditures, as receipts from the hospital operating revenue assessment are not included as budgeted revenue. The legislation would have the effect of reallocating a substantial portion of those receipts from support of other care initiatives to support of FQHCs.

ASSEMBLY, No. 4026

STATE OF NEW JERSEY 211th LEGISLATURE

INTRODUCED MAY 5, 2005

Sponsored by:

Assemblywoman BONNIE WATSON COLEMAN

District 15 (Mercer)

Assemblyman LOUIS D. GREENWALD

District 6 (Camden)

Assemblyman JOSEPH VAS

District 19 (Middlesex)

Co-Sponsored by:

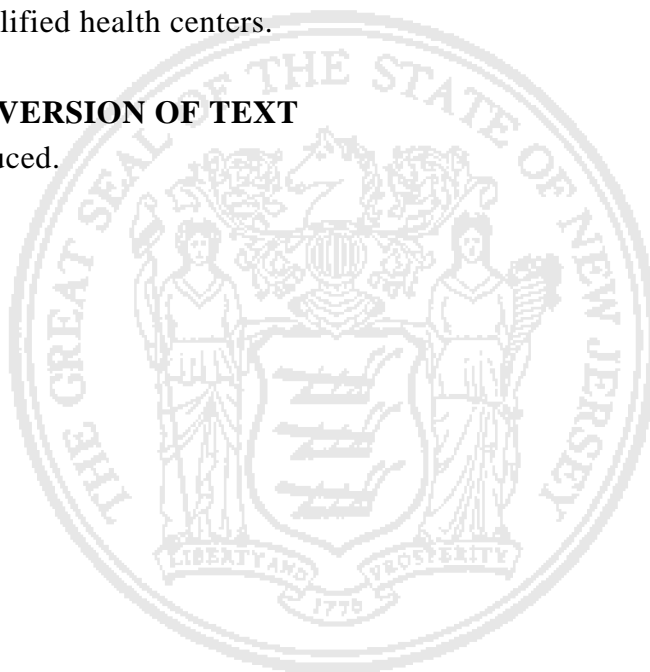
Assemblymen Gusciora, Diegnan and Dancer

SYNOPSIS

Allocates monies from assessment on hospital operating revenues to support federally qualified health centers.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/24/2005)

A4026 WATSON COLEMAN, GREENWALD

2

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21 share payments to hospitals, and other eligible providers pursuant to
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23 the Health Access New Jersey program established pursuant to section
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27 program funded pursuant to section 25 of P.L.1991, c.187
28 (C.26:2H-18.47), managed care regulation and oversight pursuant to
29 P.L.1997, c.192 (C.26:2S-1 et al.), administration and enforcement of
30 health care facility licensing requirements pursuant to P.L.1971, c.136
31 (C.26:2H-1 et seq.), and for such other programs that the
32 commissioner deems necessary or appropriate to carry out the
33 provisions of section 5 of P.L.1992, c.160 (C.26:2H-18.55).

34 The commissioner shall develop equitable regulations regarding
35 eligibility for and access to the financial assistance, within six months
36 of the effective date of this act.] (Deleted by amendment, P.L. _____,
37 c. _____ (pending before the Legislature as this bill)).

38 b. [Such funds as may be necessary shall be transferred by the
39 department from the fund to the Division of Medical Assistance and
40 Health Services in the Department of Human Services for payment to
41 disproportionate share hospitals.] (Deleted by amendment, P.L. _____,
42 c. _____ (pending before the Legislature as this bill)).

43 c. (1) Notwithstanding any law to the contrary, each general
44 hospital and each specialty heart hospital shall pay .53% of its total
45 operating revenue to the department for deposit in the Health Care
46 Subsidy Fund, except that the amount to be paid by a hospital in a

1 given year shall be prorated by the department so as not to exceed the
2 \$40 million limit set forth in this subsection. The hospital shall make
3 monthly payments to the department beginning July 1, 1993, except
4 that the total amount paid into the Health Care Subsidy Fund plus
5 interest shall not exceed \$40 million per year. The commissioner shall
6 determine the manner in which the payments shall be made.

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

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

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

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

27 Monies allocated to the support of federally qualified health centers
28 in the State under this paragraph shall be used for the purpose of
29 compensating them for health care services provided to uninsured
30 patients.

31 d. The monies paid by the hospitals and allocated under subsection
32 c. of this section for the support of federally qualified health centers
33 shall be credited to the [hospital and other health care initiatives]
34 federally qualified health centers account.

35 (cf: P.L.2004, c.54, s.2)

36
37 3. This act shall take effect on July 1, 2005; except that the
38 Commissioner of Health and Senior Services may take such
39 anticipatory administrative action in advance as shall be necessary for
40 the implementation of the act.

41
42
43 STATEMENT

44
45 This bill provides new funding to support the operation of those
46 community health centers that have been designated as federally

1 qualified health centers (FQHCs) in the State.

2 The new funding will come from an increase in the allocation to
3 FQHC's of the \$40 million collected each year from the assessment on
4 hospital operating revenues under N.J.S.A.26:2H-18.62. In recent
5 years, appropriations from these funds to the Department of Health
6 and Senior Services (DHSS) for FQHCs have amounted to roughly
7 \$11 million annually. Under the bill:

8 (1) In fiscal years 2006 and 2007, \$35 million from collections of
9 the hospital operating assessment would be allocated to the support of
10 FQHCs for the purpose of compensating them for health care services
11 to uninsured patients. The remaining \$5 million in assessment
12 collections during those fiscal years would be allocated to (a) the
13 infant mortality reduction program in DHSS, (b) the primary care
14 physician and dentist loan redemption program in the Higher
15 Education Student Assistance Authority, and (c) DHSS's program for
16 the development and use of health information electronic data
17 exchange technology; and

18 (2) In subsequent fiscal years, the entire \$40 million from these
19 monies would be allocated to the support of FQHCs.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4026

STATE OF NEW JERSEY

DATED: JUNE 22, 2005

The Assembly Budget Committee reports favorably Assembly Bill No. 4026.

Assembly Bill No. 4026 provides new funding to support the operation of those community health centers that have been designated as federally qualified health centers (FQHCs) in the State.

The new funding will come from an increase in the allocation to FQHC's of the \$40 million collected each year from the assessment on hospital operating revenues under N.J.S.A.26:2H-18.62. In recent years, appropriations from these funds to the Department of Health and Senior Services (DHSS) for FQHCs have amounted to roughly \$11 million annually. Under the bill:

(1) In fiscal years 2006 and 2007, \$35 million from collections of the hospital operating assessment would be allocated to the support of FQHCs for the purpose of compensating them for health care services to uninsured patients. The remaining \$5 million in assessment collections during those fiscal years would be allocated to (a) the infant mortality reduction program in DHSS, (b) the primary care physician and dentist loan redemption program in the Higher Education Student Assistance Authority, and (c) DHSS's program for the development and use of health information electronic data exchange technology; and

(2) In subsequent fiscal years, the entire \$40 million from these monies would be allocated to the support of FQHCs.

As reported, this bill is identical to Senate Bill No. 2260 (1R), as also reported by the committee.

FISCAL IMPACT:

This legislation will have no direct fiscal impact on budgeted State expenditures, as receipts from the hospital operating revenue assessment are not included as budgeted revenue. The legislation would have the effect of reallocating a substantial portion of those receipts from support of other care initiatives to support of FQHCs.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 4026
STATE OF NEW JERSEY
211th LEGISLATURE

DATED: JULY 14, 2005

SUMMARY

Synopsis: Allocates monies from assessment on hospital operating revenues to support federally qualified health centers.

Type of Impact: Increase in General Fund expenditures.

Agencies Affected: Department of Health and Senior Services; the Division of Medical Assistance and Health Services, Department of Human Services; and the Higher Education Student Assistance Authority.

Office of Legislative Services Estimate

Fiscal Impact	<u>Years 1 - 3</u>
State Cost	<p>If all current programs supported by the assessment are to be continued:</p> <p> C In FY 2006, \$9 million in additional State expenditures may be required, assuming that \$15 million in recommended General Fund appropriations for federally qualified health centers are redirected to support these programs.</p> <p> C In FY 2007, \$24 million may be required.</p> <p> C In FY 2008, \$29 million may be required.</p> <p>To the extent that funding for current programs is reduced or terminated, the amount of new State funding required would be reduced.</p>
State Revenue	\$0

BILL DESCRIPTION

Assembly Bill No. 4026 of 2005 reallocates the distribution of the \$40 million that is collected from a 0.53 percent assessment on hospital revenues under N.J.S.A.26:2H-18.62:

C In FY 2006 and FY 2007, federal qualified health centers would be allocated \$35 million in assessment revenues. The remaining \$5 million in assessment revenues would be allocated to support the infant mortality reduction program, the Primary Care Physician and Dentist Loan Redemption Program operated by the Higher Education Student Assistance Authority; and the Department of Health and Senior Services' program to develop a health information

electronic data exchange technology system.

- C In FY 2008, federal qualified health centers would receive the entire \$40 million in assessment revenues.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None provided.

OFFICE OF LEGISLATIVE SERVICES

The legislation's impact will depend on whether the State continues to provide financial assistance to all programs currently funded by the 0.53 percent assessment. To the extent that funding for existing programs is reduced or terminated during the FY 2006 - FY 2008 period, the amount of additional State funds required to support these programs would be reduced.

At present, the State imposes a 0.53 percent annual assessment on hospital revenues, capped at \$40 million. The program also retains unexpended assessment funds from prior fiscal years to support program activities and costs.

The FY 2006 recommended budget includes the following appropriations from the 0.53 percent assessment:

- C Federal qualified health centers: \$11 million (plus \$15 million in General Funds).
- C Statewide Health Information Network: \$1 million.
- C Infant Mortality Reduction Program: \$1.8 million.
- C Emergency Medical Services for Children: \$150,000.

The remaining \$26 million in program costs are classified "off-budget." The largest expenditure is \$22 million to reimburse the Division of Medical Assistance and Health Services for costs related to the expansion of Medicaid to pregnant women and infants with income up to 185 percent of the federal poverty level.

FY 2006. In FY 2006, \$35 million from the 0.53 percent assessment would be used to support the federal qualified health centers and \$5 million would be expended on: the Infant Mortality Reduction Program operated by the Department of Health and Senior Services; the Primary Care Physician and Dentist Loan Redemption Program operated by the Higher Education Student Assistance Authority; and the health information electronic data exchange technology program.

Assuming that the \$15 million in FY 2006 General Fund appropriations recommended for the federal qualified health centers is reallocated to support other programs funded by the 0.53 percent assessment, \$9 million in additional General Fund appropriations may be required in FY 2006 to maintain existing programs.

FY 2007. In FY 2007, \$35 million from the 0.53 percent assessment would be used to support the federal qualified health centers and \$5 million would be expended as provided above for FY 2006.

Approximately \$24 million in General Fund appropriations would be required to maintain existing programs supported by the 0.53 percent assessment.

FY 2008. In FY 2008, the entire \$40 million raised by the assessment would be used to support the federal qualified health centers. Approximately \$29 million in General Fund appropriations would be required to maintain existing programs supported by the 0.53 percent assessment.

A4026

3

Section: *Human Services*

Analyst: *Jay Hershberg*

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

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.