

26:2H-18.60a

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2007 **CHAPTER:** 217

NJSA: 26:2H-18.60a ("Charity Care Fraud Prevention and Detection Act")

BILL NO: A4295 (Substituted for S2702)

SPONSOR(S) Roberts and Others

DATE INTRODUCED: May 21, 2007

COMMITTEE: **ASSEMBLY:** Budget

SENATE:

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** December 13, 2007

SENATE: December 17, 2007

DATE OF APPROVAL: December 20, 2007

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) (Second reprint enacted)

A4295

[SPONSOR'S STATEMENT:](#) (Begins on page 6 of original bill) [Yes](#)

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

SENATE: No

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No

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

S2702/2727/3007

[SPONSOR'S STATEMENT FOR S2702:](#) (Begins on page 3 of original bill) [Yes](#)

[SPONSOR'S STATEMENT FOR S2727:](#) (Begins on page 3 of original bill) [Yes](#)

[SPONSOR'S STATEMENT FOR S3007:](#) (Begins on page 3 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** No

[SENATE:](#) [Yes](#)

FLOOR AMENDMENT STATEMENT: No

[LEGISLATIVE FISCAL ESTIMATE FOR S3007:](#) [Yes](#)

VETO MESSAGE:

Yes

GOVERNOR'S PRESS RELEASE ON SIGNING:

No

FOLLOWING WERE PRINTED:

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REPORTS:

No

HEARINGS:

No

NEWSPAPER ARTICLES:

No

RWH 5/13/08

§§1-5,7,8 -
C.26:2H-18.60a to
26:2H-18.60g
§10 - T&E &
Note to §3
§11 - T&E &
Note to 52:24-4
§12 - Note to §§1-
11

P.L. 2007, CHAPTER 217, *approved December 20, 2007*
Assembly, No. 4295 (*Second Reprint*)

1 AN ACT concerning oversight of the hospital charity care subsidy
2 program, amending ²R.S.54:50-9 and² P.L.1992, c.160^{2, 2} and
3 supplementing Title 26 of the Revised Statutes.
4

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

8 1. (New section) This act shall be known and may be cited as
9 the “Charity Care Fraud Prevention and Detection Act.”
10

11 2. (New section) The Legislature finds and declares that it is
12 manifestly in the best interest of this State and its taxpayers to enact
13 into law certain recommendations made by the New Jersey State
14 Commission of Investigation in its April 2007 report on the hospital
15 charity care subsidy program and to implement additional measures
16 which are designed to prevent real and potential waste, fraud, and
17 abuse in this program and ensure that it serves its intended purpose
18 of assisting hospitals to meet their statutory obligations and fulfill
19 their mission as essential health care providers to the residents of
20 this State.
21

22 3. (New section) The Commissioner of Health and Senior
23 Services shall require the use of procedures by hospitals to ensure
24 their uniform collection from applicants for charity care pursuant to
25 section 10 of P.L.1992, c.160 (C.26:2H-18.60) and the transmission
26 to the Department of Health and Senior Services of such
27 demographic and financial information as the commissioner
28 requires pursuant to section 14 of P.L.1995, c.133 (C.26:2H-18.59c)
29 and any other information that the commissioner determines
30 necessary to ensure the efficient, cost-effective operation of the
31 hospital charity care subsidy program and to prevent and detect
32 fraudulent charity care claims.

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:

¹Assembly ABU committee amendments adopted June 18, 2007.

²Assembly amendments adopted in accordance with Governor's recommendations December 10, 2007.

1 4. (New section) a. The Commissioner of Health and Senior
2 Services and the Medicaid Inspector General shall establish an
3 inter-agency agreement under which the staff and resources of the
4 Office of the Medicaid Inspector General are utilized to:

5 (1) investigate charity care claims, which that office or the
6 Department of Health and Senior Services reasonably suspects may
7 be fraudulent, with the same authority as that granted to the
8 Medicaid Inspector General to investigate complaints related to
9 Medicaid integrity, fraud, and abuse pursuant to P.L.2007, c.58
10 (C.30:4D-53 et al.); and

11 (2) recover monies from third party payers that were paid as
12 charity care subsidies based upon fraudulent charity care claims.

13 b. The commissioner and the Medicaid Inspector General shall
14 take such actions as are necessary to ensure that any monies
15 recovered pursuant to subsection a. of this section are deposited in
16 the Health Care Subsidy Fund and used for the purposes of
17 providing charity care subsidies pursuant to P.L.1992, c.160
18 (C.26:2H-18.51 et al.).

19

20 5. (New section) The Commissioner of Health and Senior
21 Services and the State Treasurer shall establish an inter-agency
22 agreement under which the staff and resources of the Division of
23 Taxation in the Department of the Treasury are utilized to conduct
24 random checks of personal State income tax returns filed by persons
25 determined eligible for charity care pursuant to section 10 of
26 P.L.1992, c.160 (C.26:2H-18.60), in consultation with the
27 commissioner, and with the Medicaid Inspector General pursuant to
28 section 4 of P.L. , c. (C.)(pending before the Legislature as this
29 bill), for the purposes of determining the validity of charity care
30 claims for health care services provided to those persons.

31

32 ²⁶6. R.S.54:50-9 is amended to read as follows:

33 54:50-9. Nothing herein contained shall be construed to prevent:

34 a. The delivery to a taxpayer or the taxpayer's duly authorized
35 representative of a copy of any report or any other paper filed by
36 the taxpayer pursuant to the provisions of this subtitle or of any
37 such State tax law;

38 b. The publication of statistics so classified as to prevent the
39 identification of a particular report and the items thereof;

40 c. The director, in the director's discretion and subject to
41 reasonable conditions imposed by the director, from disclosing the
42 name and address of any licensee under any State tax law, unless
43 expressly prohibited by such State tax law;

44 d. The inspection by the Attorney General or other legal
45 representative of this State of the reports or files relating to the
46 claim of any taxpayer who shall bring an action to review or set
47 aside any tax imposed under any State tax law or against whom an

1 action or proceeding has been instituted in accordance with the
2 provisions thereof;

3 e. The examination of said records and files by the Comptroller,
4 State Auditor or State Commissioner of Finance, or by their
5 respective duly authorized agents;

6 f. The furnishing, at the discretion of the director, of any
7 information contained in tax reports or returns or any audit thereof
8 or the report of any investigation made with respect thereto, filed
9 pursuant to the tax laws, to the taxing officials of any other state,
10 the District of Columbia, the United States and the territories
11 thereof, providing said jurisdictions grant like privileges to this
12 State and providing such information is to be used for tax purposes
13 only;

14 g. The furnishing, at the discretion of the director, of any
15 material information disclosed by the records or files to any law
16 enforcing authority of this State who shall be charged with the
17 investigation or prosecution of any violation of the criminal
18 provisions of this subtitle or of any State tax law;

19 h. The furnishing by the director to the State agency responsible
20 for administering the Child Support Enforcement program pursuant
21 to Title IV-D of the federal Social Security Act, Pub. L.93-647 (42
22 U.S.C. s.51 et seq.), with the names, home addresses, social security
23 numbers and sources of income and assets of all absent parents who
24 are certified by that agency as being required to pay child support,
25 upon request by the State agency and pursuant to procedures and in
26 a form prescribed by the director;

27 i. The furnishing by the director to the Board of Public Utilities
28 any information contained in tax information statements, reports or
29 returns or any audit thereof or a report of any investigation made
30 with respect thereto, as may be necessary for the administration of
31 P.L.1991, c.184 (C.54:30A-18.6 et al.) and P.L.1997, c.162
32 (C.54:10A-3 et al.);

33 j. The furnishing by the director to the Director of the Division
34 of Alcoholic Beverage Control in the Department of Law and
35 Public Safety any information contained in tax information
36 statements, reports or returns or any audit thereof or a report of any
37 investigation made with respect thereto, as may be relevant, in the
38 discretion of the director, in any proceeding conducted for the
39 issuance, suspension or revocation of any license authorized
40 pursuant to Title 33 of the Revised Statutes;

41 k. The inspection by the Attorney General or other legal
42 representative of this State of the reports or files of any tobacco
43 product manufacturer, as defined in section 2 of P.L.1999, c.148
44 (C.52:4D-2), for any period in which that tobacco product
45 manufacturer was not or is not in compliance with subsection a. of
46 section 3 of P.L.1999, c.148 (C.52:4D-3), or of any licensed
47 distributor as defined in section 102 of P.L.1948, c.65 (C.54:40A-

1 2), for the purpose of facilitating the administration of the
2 provisions of P.L.1999, c.148 (C.52:4D-1 et seq.);

3 l. The furnishing, at the discretion of the director, of information
4 as to whether a contractor or subcontractor holds a valid business
5 registration as defined in section 1 of P.L.2001, c.134 (C.52:32-44);

6 m. The furnishing by the director to a State agency as defined in
7 section 1 of P.L.1995, c.158 (C.54:50-24) the names of licensees
8 subject to suspension for non-payment of State tax indebtedness
9 pursuant to P.L.2004, c.58 (C.54:50-26.1 et al.);

10 n. The release to the United States Department of the Treasury,
11 Bureau of Financial Management Service, or its successor of
12 relevant taxpayer information for purposes of implementing a
13 reciprocal collection and offset of indebtedness agreement entered
14 into between the State of New Jersey and the federal government
15 pursuant to section 1 of P.L.2006, c.32 (C.54:49-12.7);

16 o. The examination of said records and files by the
17 Commissioner of Health and Senior Services, the Medicaid
18 Inspector General, or their respective duly authorized agents,
19 pursuant to section 5 of P.L. , c. (C.)(pending before the
20 Legislature as this bill).²

21 (cf: P.L.2006, c.32, s.7)

22

23 ²[6.] 7.² (New section) The Commissioner of Health and
24 Senior Services shall establish a mechanism, by means of a toll-free
25 telephone hotline or electronic mail, through which persons may
26 confidentially report suspected incidents of fraudulent charity care
27 claims to the Department of Health and Senior Services.

28

29 ²[7.] 8.² (New section) If a charity care claim is determined to
30 be fraudulent, a hospital shall be entitled to recover from the patient
31 the difference between the amount of the charity care claim and the
32 amount that the patient would have otherwise been charged by the
33 hospital to provide the health care services for which the charity
34 care claim was filed.

35

36 ²[8.] 9.² Section 13 of P.L.1992, c.160 (C.26:2H-18.63) is
37 amended to read as follows:

38 13. a. Any person or entity who makes a false statement or
39 misrepresentation of a material fact in order to qualify any person
40 or entity for any benefits to which he is not entitled under this act or
41 P.L.1996, c.28 (C.26:2H-18.59e et al.), shall ¹, in addition to any
42 other penalty to which the person or entity may be subject under
43 law,¹ be liable to civil penalties of:

44 (1) payment of interest on the amount of the excess benefits or
45 subsidy payments at the maximum legal rate in effect on the date
46 the benefits were provided to the person or payment was made to
47 the person or entity, for the period from the date upon which

1 benefits were provided or payment was made to the date upon
2 which repayment is made to the department; and

3 (2) payment of an amount not to exceed three times the amount
4 of the excess benefit or subsidy payment.

5 b. A hospital which, without intent to violate this act, obtains a
6 subsidy payment in excess of the amount to which it is entitled,
7 shall be liable to a civil penalty of payment of interest on the
8 amount of the excess payment at the maximum legal rate in effect
9 on the date the payment was made to the hospital, from the date
10 upon which payment was made to the date upon which repayment is
11 made to the department, except that a hospital shall not be liable to
12 the civil penalty when an excess subsidy payment is obtained by the
13 hospital as a result of an error made by the department, as
14 determined by the commissioner.

15 c. All interest and civil penalties provided for in this section
16 shall be recovered in an administrative proceeding held pursuant to
17 the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
18 seq.).

19 d. In order to satisfy any recovery claim asserted against a
20 hospital under this section, whether or not that claim has been the
21 subject of final agency adjudication, the commissioner is authorized
22 to withhold subsidy payments otherwise payable under this act to
23 the hospital.

24 e. A person who is seeking health care services at a hospital as a
25 patient for a non-emergency or elective procedure who does not
26 furnish proof of health insurance coverage for the services or
27 eligibility for charity care or reduced charge charity care in
28 accordance with the provisions of section 10 of P.L.1992, c.160
29 (C.26:2H-18.60), or for any other program of benefits funded by the
30 State, shall be required to provide sworn financial information
31 sufficient to determine eligibility for any such program of benefits.
32 Notwithstanding any other provision of law to the contrary, if the
33 person does not provide the required financial information or the
34 hospital determines that the person is ineligible for any of the
35 aforementioned benefits, the hospital shall be entitled to conclude
36 an arrangement with the person, or an individual acting on the
37 person's behalf, to receive payment from or on behalf of that person
38 as a condition of the provision of health care services to that person.

39 For the purposes of this subsection, "non-emergency or elective
40 procedure" means a procedure to treat a condition that is not an
41 "emergency" as defined in N.J.A.C.8:38-1.2.

42 f. Commencing one year after the effective date of P.L. , c.
43 (C.)(pending before the Legislature as this bill) and
44 notwithstanding the provisions of any other statute or regulation to
45 the contrary, a hospital that receives a subsidy payment pursuant to
46 P.L.1992, c.160 (C.26:2H-18.51 et al.), on the basis of a charity
47 care claim that the hospital had reasonable cause to suspect was
48 fraudulent as determined by the commissioner, shall, in addition to

1 any other penalty to which the hospital may be subject under law,
2 be subject to a reduction of \$2 in the distribution of charity care
3 subsidy payments that it receives during the next succeeding fiscal
4 year for each \$1 of subsidy payment received by the hospital on the
5 basis of the fraudulent claim.

6 ¹If the hospital complied with the regulations and procedures
7 established by the department with respect to charity care
8 documentation, the claims shall be deemed to be presumptively
9 non-fraudulent unless the commissioner determines that the hospital
10 knew or should have known that the information submitted was
11 inaccurate.

12 g. In any year in which the Legislature and Governor reuses a
13 base year for the calculation of charity care reimbursement,
14 notwithstanding the provisions of section 3 of P.L.2004, c.113 (C.
15 26:2H-18.59i) to the contrary, a hospital subject to a penalty under
16 subsection f. of this section for that base year shall not be subject to
17 the penalty for the same fraudulent claims in the subsequent year
18 when the base year is reused.¹

19 (cf: P.L.2001, c.296, s.1)

20

21 ²[9.] 10.² (New Section) a. The Commissioner of Health and
22 Senior Services, in consultation with the New Jersey Hospital
23 Association, the Hospital Alliance of New Jersey, and the New
24 Jersey Council of Teaching Hospitals, shall study the feasibility of
25 establishing a centralized electronic registry of persons who have
26 been determined eligible for charity care in accordance with the
27 provisions of section 10 of P.L.1992, c.160 (C.26:2H-18.60) and
28 issuing distinctive identification numbers to those persons
29 exclusively for the purposes of the registry, in order to facilitate
30 administration of the hospital charity care subsidy program and
31 detect fraudulent charity care claims.

32 b. The commissioner shall report on the findings of the
33 feasibility study conducted pursuant to subsection a. of this section
34 to the Governor, and to the Legislature pursuant to section 2 of
35 P.L.1991, c.164 (C.52:14-19.1), no later than the 120th day after the
36 effective date of this act.

37

38 ²[10.] 11.² (New Section) a. The State Auditor shall conduct a
39 review of the management and operations of the hospital charity
40 care subsidy program, with particular attention to those aspects of
41 the program analyzed by the New Jersey State Commission of
42 Investigation in its April 2007 report and utilizing all of the means
43 and authority at the disposal of the State Auditor or his legally
44 authorized representatives pursuant to the provisions of chapter 24
45 of Title 52 of the Revised Statutes, in order to identify opportunities
46 to enhance prevention and detection of waste, fraud, and abuse in
47 the program. The books, records, and accounts of any hospital and
48 the Department of Health and Senior Services shall be open to

1 inspection and audit by the State Auditor, or any legally authorized
2 representative thereof, in so far as the State Auditor determines that
3 they relate to the purposes of this section.

4 b. The State Auditor shall report to the Governor, and to the
5 Legislature pursuant to section 2 of P.L.1991,c.164 (C.52:14-19.1),
6 on his findings and recommendations no later than the 180th day
7 after the effective date of this act.

8
9 ²[11.] 12.² This act shall take effect on the 30th day after
10 enactment, but the Commissioner of Health and Senior Services
11 may take such anticipatory administrative action in advance thereof
12 as shall be necessary for the implementation of this act.

13

14

15

16

17

“Charity Care Fraud Prevention and Detection Act.”

ASSEMBLY, No. 4295

STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED MAY 21, 2007

Sponsored by:

Assemblyman JOSEPH J. ROBERTS, JR.

District 5 (Camden and Gloucester)

Assemblywoman JOAN M. QUIGLEY

District 32 (Bergen and Hudson)

SYNOPSIS

“Charity Care Fraud Prevention and Detection Act.”

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/19/2007)

1 AN ACT concerning oversight of the hospital charity care subsidy
2 program, amending P.L.1992, c.160 and supplementing Title 26
3 of the Revised Statutes.

4

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

7

8 1. (New section) This act shall be known and may be cited as
9 the “Charity Care Fraud Prevention and Detection Act.”

10

11 2. (New section) The Legislature finds and declares that it is
12 manifestly in the best interest of this State and its taxpayers to enact
13 into law certain recommendations made by the New Jersey State
14 Commission of Investigation in its April 2007 report on the hospital
15 charity care subsidy program and to implement additional measures
16 which are designed to prevent real and potential waste, fraud, and
17 abuse in this program and ensure that it serves its intended purpose
18 of assisting hospitals to meet their statutory obligations and fulfill
19 their mission as essential health care providers to the residents of
20 this State.

21

22 3. (New section) The Commissioner of Health and Senior
23 Services shall require the use of procedures by hospitals to ensure
24 their uniform collection from applicants for charity care pursuant to
25 section 10 of P.L.1992, c.160 (C.26:2H-18.60) and the transmission
26 to the Department of Health and Senior Services of such
27 demographic and financial information as the commissioner
28 requires pursuant to section 14 of P.L.1995, c.133 (C.26:2H-18.59c)
29 and any other information that the commissioner determines
30 necessary to ensure the efficient, cost-effective operation of the
31 hospital charity care subsidy program and to prevent and detect
32 fraudulent charity care claims.

33

34 4. (New section) a. The Commissioner of Health and Senior
35 Services and the Medicaid Inspector General shall establish an
36 inter-agency agreement under which the staff and resources of the
37 Office of the Medicaid Inspector General are utilized to:

38 (1) investigate charity care claims, which that office or the
39 Department of Health and Senior Services reasonably suspects may
40 be fraudulent, with the same authority as that granted to the
41 Medicaid Inspector General to investigate complaints related to
42 Medicaid integrity, fraud, and abuse pursuant to P.L.2007, c.58
43 (C.30:4D-53 et al.); and

44 (2) recover monies from third party payers that were paid as
45 charity care subsidies based upon fraudulent charity care claims.

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 b. The commissioner and the Medicaid Inspector General shall
2 take such actions as are necessary to ensure that any monies
3 recovered pursuant to subsection a. of this section are deposited in
4 the Health Care Subsidy Fund and used for the purposes of
5 providing charity care subsidies pursuant to P.L.1992, c.160
6 (C.26:2H-18.51 et al.).
7

8 5. (New section) The Commissioner of Health and Senior
9 Services and the State Treasurer shall establish an inter-agency
10 agreement under which the staff and resources of the Division of
11 Taxation in the Department of the Treasury are utilized to conduct
12 random checks of personal State income tax returns filed by persons
13 determined eligible for charity care pursuant to section 10 of
14 P.L.1992, c.160 (C.26:2H-18.60), in consultation with the
15 commissioner, and with the Medicaid Inspector General pursuant to
16 section 4 of P.L. , c. (C.)(pending before the Legislature as this
17 bill), for the purposes of determining the validity of charity care
18 claims for health care services provided to those persons.
19

20 6. (New section) The Commissioner of Health and Senior
21 Services shall establish a mechanism, by means of a toll-free
22 telephone hotline or electronic mail, through which persons may
23 confidentially report suspected incidents of fraudulent charity care
24 claims to the Department of Health and Senior Services.
25

26 7. (New section) If a charity care claim is determined to be
27 fraudulent, a hospital shall be entitled to recover from the patient
28 the difference between the amount of the charity care claim and the
29 amount that the patient would have otherwise been charged by the
30 hospital to provide the health care services for which the charity
31 care claim was filed.
32

33 8. Section 13 of P.L.1992, c.160 (C.26:2H-18.63) is amended to
34 read as follows:

35 13. a. Any person or entity who makes a false statement or
36 misrepresentation of a material fact in order to qualify any person
37 or entity for any benefits to which he is not entitled under this act or
38 P.L.1996, c.28 (C.26:2H-18.59e et al.), shall be liable to civil
39 penalties of:

40 (1) payment of interest on the amount of the excess benefits or
41 subsidy payments at the maximum legal rate in effect on the date
42 the benefits were provided to the person or payment was made to
43 the person or entity, for the period from the date upon which
44 benefits were provided or payment was made to the date upon
45 which repayment is made to the department; and

46 (2) payment of an amount not to exceed three times the amount
47 of the excess benefit or subsidy payment.

1 b. A hospital which, without intent to violate this act, obtains a
2 subsidy payment in excess of the amount to which it is entitled,
3 shall be liable to a civil penalty of payment of interest on the
4 amount of the excess payment at the maximum legal rate in effect
5 on the date the payment was made to the hospital, from the date
6 upon which payment was made to the date upon which repayment is
7 made to the department, except that a hospital shall not be liable to
8 the civil penalty when an excess subsidy payment is obtained by the
9 hospital as a result of an error made by the department, as
10 determined by the commissioner.

11 c. All interest and civil penalties provided for in this section
12 shall be recovered in an administrative proceeding held pursuant to
13 the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
14 seq.).

15 d. In order to satisfy any recovery claim asserted against a
16 hospital under this section, whether or not that claim has been the
17 subject of final agency adjudication, the commissioner is authorized
18 to withhold subsidy payments otherwise payable under this act to
19 the hospital.

20 e. A person who is seeking health care services at a hospital as a
21 patient for a non-emergency or elective procedure who does not
22 furnish proof of health insurance coverage for the services or
23 eligibility for charity care or reduced charge charity care in
24 accordance with the provisions of section 10 of P.L.1992, c.160
25 (C.26:2H-18.60), or for any other program of benefits funded by the
26 State, shall be required to provide sworn financial information
27 sufficient to determine eligibility for any such program of benefits.
28 Notwithstanding any other provision of law to the contrary, if the
29 person does not provide the required financial information or the
30 hospital determines that the person is ineligible for any of the
31 aforementioned benefits, the hospital shall be entitled to conclude
32 an arrangement with the person, or an individual acting on the
33 person's behalf, to receive payment from or on behalf of that person
34 as a condition of the provision of health care services to that person.

35 For the purposes of this subsection, "non-emergency or elective
36 procedure" means a procedure to treat a condition that is not an
37 "emergency" as defined in N.J.A.C.8:38-1.2.

38 f. Commencing one year after the effective date of P.L. , c.
39 (C.)(pending before the Legislature as this bill) and
40 notwithstanding the provisions of any other statute or regulation to
41 the contrary, a hospital that receives a subsidy payment pursuant to
42 P.L.1992, c.160 (C.26:2H-18.51 et al.), on the basis of a charity
43 care claim that the hospital had reasonable cause to suspect was
44 fraudulent as determined by the commissioner, shall, in addition to
45 any other penalty to which the hospital may be subject under law,
46 be subject to a reduction of \$2 in the distribution of charity care
47 subsidy payments that it receives during the next succeeding fiscal

1 year for each \$1 of subsidy payment received by the hospital on the
2 basis of the fraudulent claim.

3 (cf: P.L.2001, c.296, s.1)

4

5 9. (New Section) a. The Commissioner of Health and Senior
6 Services, in consultation with the New Jersey Hospital Association,
7 the Hospital Alliance of New Jersey, and the New Jersey Council of
8 Teaching Hospitals, shall study the feasibility of establishing a
9 centralized electronic registry of persons who have been determined
10 eligible for charity care in accordance with the provisions of section
11 10 of P.L.1992, c.160 (C.26:2H-18.60) and issuing distinctive
12 identification numbers to those persons exclusively for the purposes
13 of the registry, in order to facilitate administration of the hospital
14 charity care subsidy program and detect fraudulent charity care
15 claims.

16 b. The commissioner shall report on the findings of the
17 feasibility study conducted pursuant to subsection a. of this section
18 to the Governor, and to the Legislature pursuant to section 2 of
19 P.L.1991, c.164 (C.52:14-19.1), no later than the 120th day after the
20 effective date of this act.

21

22 10. (New Section) a. The State Auditor shall conduct a review
23 of the management and operations of the hospital charity care
24 subsidy program, with particular attention to those aspects of the
25 program analyzed by the New Jersey State Commission of
26 Investigation in its April 2007 report and utilizing all of the means
27 and authority at the disposal of the State Auditor or his legally
28 authorized representatives pursuant to the provisions of chapter 24
29 of Title 52 of the Revised Statutes, in order to identify opportunities
30 to enhance prevention and detection of waste, fraud, and abuse in
31 the program. The books, records, and accounts of any hospital and
32 the Department of Health and Senior Services shall be open to
33 inspection and audit by the State Auditor, or any legally authorized
34 representative thereof, in so far as the State Auditor determines that
35 they relate to the purposes of this section.

36 b. The State Auditor shall report to the Governor, and to the
37 Legislature pursuant to section 2 of P.L.1991,c.164 (C.52:14-19.1),
38 on his findings and recommendations no later than the 180th day
39 after the effective date of this act.

40

41 11. This act shall take effect on the 30th day after enactment,
42 but the Commissioner of Health and Senior Services may take such
43 anticipatory administrative action in advance thereof as shall be
44 necessary for the implementation of this act.

STATEMENT

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This bill, which is designated as the “Charity Care Fraud Prevention and Detection Act,” is intended to enact into law certain recommendations of the New Jersey State Commission of Investigation (SCI) in its April 2007 report, *Charity Care: An Ailing System*, and implement additional measures to prevent waste, fraud, and abuse in the hospital charity care subsidy program.

The bill provides specifically as follows:

- The Commissioner of Health and Senior Services is directed to require the use of procedures by hospitals to ensure their uniform collection from charity care applicants and transmission to the Department of Health and Senior Services (DHSS) of such demographic and financial information as the commissioner requires pursuant to section 14 of P.L.1995, c.133 (C.26:2H-18.59c) and any other information that the commissioner deems appropriate to ensure the efficient, cost-effective provision of charity care and to deter and detect fraudulent charity care claims.
- The commissioner and the Medicaid Inspector General are directed to:
 - establish an inter-agency agreement to provide for utilizing the staff and resources of the Office of the Medicaid Inspector General to investigate charity care claims, which that office or DHSS reasonably suspects may be fraudulent, with the same authority as that granted to the Medicaid Inspector General to investigate complaints related to Medicaid integrity, fraud, and abuse and recover monies from third party payers that were paid as charity care subsidies based upon fraudulent charity care claims; and
 - ensure that any such recovered monies are used for the purposes of providing charity care subsidies.
- The commissioner and the State Treasurer are directed to establish an inter-agency agreement under which the staff and resources of the Division of Taxation in the Department of the Treasury are utilized to conduct random checks of personal State income tax returns filed by persons determined eligible for charity care, in consultation with the commissioner, and with the Medicaid Inspector General pursuant to this bill, for the purposes of determining the validity of charity care claims for health care services provided to those persons.
- The commissioner is to establish a mechanism, by means of a toll-free telephone hotline or electronic mail, by which persons may confidentially report suspected incidents of fraudulent charity care claims to DHSS.
- If a charity care claim is determined to be fraudulent, a hospital is entitled to recover from the patient the difference between the amount of the charity care claim and the amount that the patient

- 1 would have otherwise been charged by the hospital to provide the
2 health care services for which the charity care claim was filed.
- 3 • Commencing one year after the effective date of the bill, and
4 notwithstanding the provisions of any other statute or regulation
5 to the contrary, a hospital that receives a subsidy, based on a
6 charity care claim that the hospital had reasonable cause to
7 suspect was fraudulent as determined by the commissioner, will,
8 in addition to any other penalty to which the hospital may be
9 subject under law, be subject to a reduction of \$2 in the
10 distribution of charity care subsidy payments that it receives
11 during the next succeeding fiscal year for each \$1 of subsidy
12 payment received by the hospital on the basis of the fraudulent
13 claim.
 - 14 • The commissioner is further directed to:
 - 15 -- study, in consultation with the New Jersey Hospital
16 Association, the Hospital Alliance of New Jersey, and the New
17 Jersey Council of Teaching Hospitals, the feasibility of
18 establishing a centralized electronic registry of persons who have
19 been determined eligible for charity care and issuing distinctive
20 identification numbers to those persons exclusively for the
21 purposes of the registry, in order to facilitate administration of the
22 charity care subsidy program and detect fraudulent claims; and
 - 23 -- report on the findings of that study to the Governor and the
24 Legislature no later than the 120th day after the effective date of
25 the bill.
 - 26 • The State Auditor is directed to conduct a review of the
27 management and operations of the hospital charity care subsidy
28 program, with particular attention to those aspects of the program
29 analyzed by the SCI and utilizing all of the means and authority
30 at the disposal of the State Auditor or his legally authorized
31 representatives, in order to identify opportunities to enhance the
32 prevention and detection of waste, fraud, and abuse in the
33 program. The State Auditor is to report to the Governor and
34 Legislature on his findings and recommendations no later than the
35 180th day after the effective date of the bill.
 - 36 • The bill takes effect on the 30th day after enactment, but
37 authorizes the Commissioner of Health and Senior Services to
38 take anticipatory administrative action in advance as necessary
39 for its implementation.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4295

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: JUNE 18, 2007

The Assembly Budget Committee reports favorably Assembly Bill No. 4295, with committee amendments.

The bill, as amended, designated as the “Charity Care Fraud Prevention and Detection Act,” implements additional measures to prevent waste, fraud, and abuse in the hospital charity care subsidy program.

The bill provides specifically as follows:

- DHSS would develop uniform procedures to be used by hospitals to collect financial and demographic information from charity care applicants and to transmit such information to DHSS;
- DHSS, the IG and Treasury would establish inter-agency agreements to investigate suspected fraud and to match against State income tax information;
- A toll-free telephone hotline to report suspected charity care fraud would be established; and
- A feasibility study by DHSS regarding the development of a centralized electronic registry of persons who have been determined eligible for charity care and the issuance of identification numbers to such persons.

Hospitals would be entitled to recover from the patient the difference between the amount of the charity care claim and the amount that the patient would have been charged by the hospital for the health care services provided. Further, a hospital would be penalized if it had reasonable cause to suspect a claim was fraudulent but did not deny the claim, by having its charity care distribution reduced \$2 for each \$1 in charity care it received on the basis of a fraudulent claim.

Finally, the State Auditor is to conduct a review of the management and operations of the hospital charity care subsidy program in order to identify opportunities to enhance the prevention and detection of waste, fraud and abuse in the program.

FISCAL IMPACT:

There are no additional administrative costs associated with the legislation. Existing State appropriations to the DHSS, the IG, Treasury and the State Auditor are sufficient to absorb any additional administrative requirements.

The State appropriation for charity care is independent of the amount of charity care provided by hospitals. Thus, a reduction in the amount of charity care reported by hospitals due to the recovery of monies from fraudulent cases may not reduce the amount of charity care that is appropriated and distributed to hospitals.

To the extent that fraudulent charity care applicants are identified and hospitals recover funds from such applicants, there may be: (a) a reduction in the amount of charity care reported by hospitals or (b) a reduction in the rate of increase in the amount of charity care reported by hospitals.

It is not possible to determine how much in fraudulent charity care claims may be identified and how much may be recovered.

COMMITTEE AMENDMENTS:

The amendments clarify that with respect to the penalty against hospitals' charity care payments provided in subsection f. of section 8 of the bill, if the hospital complied with the regulations and procedures established by the department with respect to charity care documentation, the claims shall be deemed to be presumptively non-fraudulent unless the commissioner determines that the hospital knew or should have known that the information submitted was inaccurate, and clarify that the penalties under the charity care law are in addition to any other penalties.

The amendments provide that in any year in which the Legislature and Governor reuses a base year for the calculation of charity care reimbursement, notwithstanding the provisions of N.J.S.A.26:2H-18.59i to the contrary, a hospital subject to a reduced charity care subsidy penalty for that base year shall not be subject to the penalty for the same fraudulent claims in the subsequent year when the base year is reused.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 4295
STATE OF NEW JERSEY
212th LEGISLATURE

DATED: JULY 9, 2007

SUMMARY

Synopsis: Charity Care Fraud Prevention and Detection Act..

Administrative Costs - None.

Type of Impact: **State Charity Care Appropriations** None as the State appropriation for charity care is independent of the amount of documented charity care hospitals may provide.

Agencies Affected: Department of Health and Senior Services (DHSS), the Office of the Medicaid Inspector General (IG), the Department of the Treasury (Treasury), and the State Auditor.

Office of Legislative Services Estimate

Fiscal Impact	Years 1-3
Administrative Costs	No Impact - See Comments Below.
State Cost	State Charity Care Appropriations None as the State appropriation for charity care is independent of the amount of documented charity care hospitals may provide.

- To the extent that hospitals are able to recover funds from fraudulent charity care applications, the amount of documented charity care reported by hospitals or the rate of increase in documented charity care reported by hospitals may be reduced.

BILL DESCRIPTION

Assembly Bill No. 4295 of 2007, the “Charity Care Fraud Prevention and Detection Act,” implements additional administrative measures to prevent waste, fraud and abuse in the hospital charity care subsidy program, which include:

- The DHSS would develop uniform procedures to be used by hospitals to collect financial and demographic information from charity care applicants and to transmit such information to DHSS;
- The DHSS, the IG and Treasury would establish inter-agency agreements to investigate suspected fraud and to match against State income tax information;
- A toll-free telephone hotline to report suspected charity care fraud would be established; and

- A feasibility study by DHSS regarding the development of a centralized electronic registry of persons who have been determined eligible for charity care and the issuance of identification numbers to such persons.

Hospitals would be entitled to recover from the patient the difference between the amount of the charity care claim and the amount that the patient would have been charged by the hospital for the health care services provided. Further, a hospital would be penalized if it had reasonable cause to suspect a claim was fraudulent but did not deny the claim, by having its charity care distribution reduced \$2 for each \$1 in charity care it received on the basis of a fraudulent claim.

Finally, the State Auditor is to conduct a review of the management and operations of the hospital charity care subsidy program in order to identify opportunities to enhance the prevention and detection of waste, fraud and abuse in the program.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

Administrative Costs:

There are no additional administrative costs associated with the legislation. Existing State appropriations to the DHSS, the IG, Treasury and the State Auditor are sufficient to absorb any additional administrative requirements.

Charity Care Appropriations:

The State appropriation for charity care is independent of the amount of charity care provided by hospitals. Thus, a reduction in the amount of charity care reported by hospitals due to the recovery of monies from fraudulent cases may not reduce the amount of charity care that is appropriated and distributed to hospitals.

To the extent that fraudulent charity care applicants are identified and hospitals recover funds from such applicants, there may be: (a) a reduction in the amount of charity care reported by hospitals or (b) a reduction in the rate of increase in the amount of charity care reported by hospitals.

It is not possible to determine how much in fraudulent charity care claims may be identified and how much may be recovered.

Section: Human Services

Analyst: Jay A. Hershberg
Principal Fiscal Analyst

Approved: David J. Rosen
Legislative Budget and Finance Officer

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

SENATE, No. 2702

STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED MAY 14, 2007

Sponsored by:

Senator BARBARA BUONO

District 18 (Middlesex)

Senator ELLEN KARCHER

District 12 (Mercer and Monmouth)

SYNOPSIS

Authorizes Commissioner of DHSS to take certain actions to control fraud and abuse in charity care program.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning charity care, amending P.L.1992, c.160 and
2 supplementing P.L.2007, c.58 (C.30:4D-53 et al.).

3

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

6

7 1. Section 10 of P.L.1992, c.160 (C.26:2H-18.60) is amended to
8 read as follows:

9 10. a. The commissioner shall establish **[a]** uniform charity care
10 eligibility determination and reimbursement claim **[form that a**
11 **hospital]** forms, which all hospitals shall be required to use in order
12 to receive reimbursement for charity care under this act.

13 b. A person whose individual or, if applicable, family gross
14 income is less than or equal to 300% of the poverty level shall be
15 eligible for charity care or reduced charge charity care for necessary
16 health care services provided at a hospital.

17 The commissioner shall establish:

18 (1) the maximum level of income at which a person is eligible
19 for full charity care;

20 (2) a sliding scale based on income which specifies the
21 percentage of hospital charges for which a person who is eligible
22 for reduced charity care is responsible; and

23 (3) assets eligibility criteria for full charity care and reduced
24 charge charity care, respectively.

25 c. (1) The commissioner shall refer suspected cases of charity
26 care fraud and abuse for investigation by the Office of the Medicaid
27 Inspector General established pursuant to P.L.2007, c.58 (C.30:4D-
28 53 et al.).

29 (2) The commissioner and the Medicaid Inspector General shall
30 establish an inter-agency agreement under which the staff and
31 resources of the Office of the Medicaid Inspector General are
32 utilized to investigate suspected cases of charity care fraud and
33 abuse referred by the commissioner.

34 d. The commissioner shall take such actions as he deems
35 appropriate and necessary to establish safeguards to protect against
36 fraud and abuse in the provision of charity care assistance,
37 including, but not limited to, bi-monthly, unannounced audits of
38 hospital charity care claims, verification of the eligibility
39 information provided by charity care applicants, and recovery of
40 funds from claims improperly billed to charity care.

41 Any funds recovered pursuant to this section shall be deposited
42 in the Health Care Subsidy Fund established pursuant to section 8
43 of P.L.1992, c.160 (C.26:2H-18.58) for redistribution to hospitals as
44 charity care payments.

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.

S2702 BUONO, KARCHER

4

- 1 • Provides that any funds recovered pursuant to these actions shall
2 be deposited in the Health Care Subsidy Fund for redistribution to
3 hospitals as charity care payments;
- 4 • Directs the commissioner to establish a means, through the use of
5 a toll-free telephone hotline or email link on the department's
6 official website, by which persons may confidentially report
7 suspected instances of fraudulent charity care claims to the
8 department; and
- 9 • Provide that the Medicaid Inspector General shall have the same
10 authority to investigate suspected cases of charity care fraud and
11 abuse referred to him by the commissioner as that granted to him
12 to investigate Medicaid integrity, fraud, and abuse.

SENATE, No. 2727

STATE OF NEW JERSEY
212th LEGISLATURE

INTRODUCED MAY 21, 2007

Sponsored by:

Senator JOSEPH F. VITALE

District 19 (Middlesex)

Senator LORETTA WEINBERG

District 37 (Bergen)

SYNOPSIS

Authorizes Medicaid Inspector General to investigate fraud in charity care program.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning investigation of fraud in the charity care
2 program and amending P.L.2007, c.58 and 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 3 of P.L.2007, c.58 (C.30:4D-55) is amended to read
8 as follows:

9 3. As used in this act:

10 "Abuse" means provider practices that are inconsistent with
11 sound fiscal, business, or medical practices and result in
12 unnecessary costs to Medicaid or in reimbursement for services that
13 are not medically necessary or that fail to meet professionally
14 recognized standards for health care. The term also includes
15 recipient practices that result in unnecessary costs to Medicaid.

16 "Department" means the Department of Human Services.

17 "Fraud" means an intentional deception or misrepresentation
18 made by any person with the knowledge that the deception could
19 result in some unauthorized benefit to that person or another person,
20 including any act that constitutes fraud under applicable federal or
21 State law.

22 "Investigation" means an investigation of fraud, waste, abuse, or
23 illegal acts perpetrated within Medicaid by providers or recipients
24 of Medicaid care, services, and supplies.

25 "Medicaid" means the Medicaid program established pursuant to
26 P.L.1968, c.413 (C.30:4D-1 et seq.) **[and]**, the NJ FamilyCare
27 Program established pursuant to P.L.2005, c.156 (C.30:4J-8 et al.),
28 and the hospital charity care program established pursuant to
29 section 10 of P.L.1992, c.160 (C.26:2H-18.60).

30 "Medicaid Fraud Control Unit" means the Medicaid Fraud
31 Control Unit in the Department of Law and Public Safety.

32 "Office" means the Office of the Medicaid Inspector General
33 created by this act.

34 (cf: P.L.2007, c.58, s.3)

35

36 2. Section 10 of P.L.1992, c.160 (C.26:2H-18.60) is amended
37 to read as follows:

38 10. a. The commissioner shall establish a uniform charity care
39 eligibility and reimbursement claim form that a hospital shall be
40 required to use in order to receive reimbursement for charity care
41 under this act.

42 b. A person whose individual or, if applicable, family gross
43 income is less than or equal to 300% of the poverty level shall be
44 eligible for charity care or reduced charge charity care for necessary
45 health care services provided at a hospital.

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 establish:

2 (1) the maximum level of income at which a person is eligible
3 for full charity care;

4 (2) a sliding scale based on income which specifies the
5 percentage of hospital charges for which a person who is eligible
6 for reduced charity care is responsible; and

7 (3) assets eligibility criteria for full charity care and reduced
8 charge charity care, respectively.

9 c. The commissioner shall refer suspected cases of charity care
10 fraud and abuse for investigation by the Office of the Medicaid
11 Inspector General established pursuant to P.L.2007, c.58 (C.30:4D-
12 53 et al.).

13 (cf: P.L.1995, c.133, s.6)

14

15 3. This act shall take effect immediately.

16

17

18

STATEMENT

19

20 This bill extends the authority of the recently established Office
21 of the Medicaid Inspector General to include assistance provided
22 under the hospital charity care program.

23 In a recent report of the State Commission of Investigation on
24 the State's charity care program, the commission found that the
25 charity care program is "highly vulnerable to fraud by ineligible
26 recipients because the State has no effective mechanism to detect
27 fraud and does not actively pursue complaints regarding fraudulent
28 activity in the program." Both the Department of Health and Senior
29 Services, which administers the charity care program, and the
30 Division of Medical Assistance and Health Services, which
31 administers the Medicaid program, have stated that they do not have
32 the authority or funding to conduct comprehensive investigations of
33 fraud in the hospital charity care program.

34 The recently established Office of the Medicaid Inspector
35 General provides a timely opportunity to include within its
36 jurisdiction the authority to investigate fraud and abuse in the
37 hospital charity care program to ensure that State funds allocated to
38 hospitals for care of indigent and low-income persons are used
39 effectively and exclusively for the intended purpose.

SENATE, No. 3007

STATE OF NEW JERSEY

212th LEGISLATURE

INTRODUCED JUNE 14, 2007

Sponsored by:

Senator BARBARA BUONO

District 18 (Middlesex)

Senator ELLEN KARCHER

District 12 (Mercer and Monmouth)

SYNOPSIS

“Charity Care Fraud Prevention and Detection Act.”

CURRENT VERSION OF TEXT

As introduced.

1 AN ACT concerning oversight of the hospital charity care subsidy
2 program, amending P.L.1992, c.160 and supplementing Title 26
3 of the Revised Statutes.

4

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

7

8 1. (New section) This act shall be known and may be cited as
9 the “Charity Care Fraud Prevention and Detection Act.”

10

11 2. (New section) The Legislature finds and declares that it is
12 manifestly in the best interest of this State and its taxpayers to enact
13 into law certain recommendations made by the New Jersey State
14 Commission of Investigation in its April 2007 report on the hospital
15 charity care subsidy program and to implement additional measures
16 which are designed to prevent real and potential waste, fraud, and
17 abuse in this program and ensure that it serves its intended purpose
18 of assisting hospitals to meet their statutory obligations and fulfill
19 their mission as essential health care providers to the residents of
20 this State.

21

22 3. (New section) The Commissioner of Health and Senior
23 Services shall require the use of procedures by hospitals to ensure
24 their uniform collection from applicants for charity care pursuant to
25 section 10 of P.L.1992, c.160 (C.26:2H-18.60) and the transmission
26 to the Department of Health and Senior Services of such
27 demographic and financial information as the commissioner
28 requires pursuant to section 14 of P.L.1995, c.133 (C.26:2H-18.59c)
29 and any other information that the commissioner determines
30 necessary to ensure the efficient, cost-effective operation of the
31 hospital charity care subsidy program and to prevent and detect
32 fraudulent charity care claims.

33

34 4. (New section) a. The Commissioner of Health and Senior
35 Services and the Medicaid Inspector General shall establish an

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 inter-agency agreement under which the staff and resources of the
2 Office of the Medicaid Inspector General are utilized to:

3 (1) investigate charity care claims, which that office or the
4 Department of Health and Senior Services reasonably suspects may
5 be fraudulent, with the same authority as that granted to the
6 Medicaid Inspector General to investigate complaints related to
7 Medicaid integrity, fraud, and abuse pursuant to P.L.2007, c.58
8 (C.30:4D-53 et al.); and

9 (2) recover monies from third party payers that were paid as
10 charity care subsidies based upon fraudulent charity care claims.

11 b. The commissioner and the Medicaid Inspector General shall
12 take such actions as are necessary to ensure that any monies
13 recovered pursuant to subsection a. of this section are deposited in
14 the Health Care Subsidy Fund and used for the purposes of
15 providing charity care subsidies pursuant to P.L.1992, c.160
16 (C.26:2H-18.51 et al.).

17

18 5. (New section) The Commissioner of Health and Senior
19 Services and the State Treasurer shall establish an inter-agency
20 agreement under which the staff and resources of the Division of
21 Taxation in the Department of the Treasury are utilized to conduct
22 random checks of personal State income tax returns filed by persons
23 determined eligible for charity care pursuant to section 10 of
24 P.L.1992, c.160 (C.26:2H-18.60), in consultation with the
25 commissioner, and with the Medicaid Inspector General pursuant to
26 section 4 of P.L. , c. (C.)(pending before the Legislature as this
27 bill), for the purposes of determining the validity of charity care
28 claims for health care services provided to those persons.

29

30 6. (New section) The Commissioner of Health and Senior
31 Services shall establish a mechanism, by means of a toll-free
32 telephone hotline or electronic mail, through which persons may
33 confidentially report suspected incidents of fraudulent charity care
34 claims to the Department of Health and Senior Services.

35

36 7. (New section) If a charity care claim is determined to be
37 fraudulent, a hospital shall be entitled to recover from the patient
38 the difference between the amount of the charity care claim and the

1 amount that the patient would have otherwise been charged by the
2 hospital to provide the health care services for which the charity
3 care claim was filed.

4

5 8. Section 13 of P.L.1992, c.160 (C.26:2H-18.63) is amended to
6 read as follows:

7 13. a. Any person or entity who makes a false statement or
8 misrepresentation of a material fact in order to qualify any person
9 or entity for any benefits to which he is not entitled under this act or
10 P.L.1996, c.28 (C.26:2H-18.59e et al.), shall be liable to civil
11 penalties of:

12 (1) payment of interest on the amount of the excess benefits or
13 subsidy payments at the maximum legal rate in effect on the date
14 the benefits were provided to the person or payment was made to
15 the person or entity, for the period from the date upon which
16 benefits were provided or payment was made to the date upon
17 which repayment is made to the department; and

18 (2) payment of an amount not to exceed three times the amount
19 of the excess benefit or subsidy payment.

20 b. A hospital which, without intent to violate this act, obtains a
21 subsidy payment in excess of the amount to which it is entitled,
22 shall be liable to a civil penalty of payment of interest on the
23 amount of the excess payment at the maximum legal rate in effect
24 on the date the payment was made to the hospital, from the date
25 upon which payment was made to the date upon which repayment is
26 made to the department, except that a hospital shall not be liable to
27 the civil penalty when an excess subsidy payment is obtained by the
28 hospital as a result of an error made by the department, as
29 determined by the commissioner.

30 c. All interest and civil penalties provided for in this section
31 shall be recovered in an administrative proceeding held pursuant to
32 the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
33 seq.).

34 d. In order to satisfy any recovery claim asserted against a
35 hospital under this section, whether or not that claim has been the
36 subject of final agency adjudication, the commissioner is authorized
37 to withhold subsidy payments otherwise payable under this act to
38 the hospital.

1 e. A person who is seeking health care services at a hospital as a
2 patient for a non-emergency or elective procedure who does not
3 furnish proof of health insurance coverage for the services or
4 eligibility for charity care or reduced charge charity care in
5 accordance with the provisions of section 10 of P.L.1992, c.160
6 (C.26:2H-18.60), or for any other program of benefits funded by the
7 State, shall be required to provide sworn financial information
8 sufficient to determine eligibility for any such program of benefits.
9 Notwithstanding any other provision of law to the contrary, if the
10 person does not provide the required financial information or the
11 hospital determines that the person is ineligible for any of the
12 aforementioned benefits, the hospital shall be entitled to conclude
13 an arrangement with the person, or an individual acting on the
14 person's behalf, to receive payment from or on behalf of that person
15 as a condition of the provision of health care services to that person.

16 For the purposes of this subsection, "non-emergency or elective
17 procedure" means a procedure to treat a condition that is not an
18 "emergency" as defined in N.J.A.C.8:38-1.2.

19 f. Commencing one year after the effective date of P.L. ,
20 c. (C.)(pending before the Legislature as this bill) and
21 notwithstanding the provisions of any other statute or regulation to
22 the contrary, a hospital that receives a subsidy payment pursuant to
23 P.L.1992, c.160 (C.26:2H-18.51 et al.), on the basis of a charity
24 care claim that the hospital had reasonable cause to suspect was
25 fraudulent as determined by the commissioner, shall, in addition to
26 any other penalty to which the hospital may be subject under law,
27 be subject to a reduction of \$2 in the distribution of charity care
28 subsidy payments that it receives during the next succeeding fiscal
29 year for each \$1 of subsidy payment received by the hospital on the
30 basis of the fraudulent claim.

31 (cf: P.L.2001, c.296, s.1)

32

33 9. (New Section) a. The Commissioner of Health and Senior
34 Services, in consultation with the New Jersey Hospital Association,
35 the Hospital Alliance of New Jersey, and the New Jersey Council of
36 Teaching Hospitals, shall study the feasibility of establishing a
37 centralized electronic registry of persons who have been determined
38 eligible for charity care in accordance with the provisions of section

1 10 of P.L.1992, c.160 (C.26:2H-18.60) and issuing distinctive
2 identification numbers to those persons exclusively for the purposes
3 of the registry, in order to facilitate administration of the hospital
4 charity care subsidy program and detect fraudulent charity care
5 claims.

6 b. The commissioner shall report on the findings of the
7 feasibility study conducted pursuant to subsection a. of this section
8 to the Governor, and to the Legislature pursuant to section 2 of
9 P.L.1991, c.164 (C.52:14-19.1), no later than the 120th day after the
10 effective date of this act.

11

12 10. (New Section) a. The State Auditor shall conduct a review
13 of the management and operations of the hospital charity care
14 subsidy program, with particular attention to those aspects of the
15 program analyzed by the New Jersey State Commission of
16 Investigation in its April 2007 report and utilizing all of the means
17 and authority at the disposal of the State Auditor or his legally
18 authorized representatives pursuant to the provisions of chapter 24
19 of Title 52 of the Revised Statutes, in order to identify opportunities
20 to enhance prevention and detection of waste, fraud, and abuse in
21 the program. The books, records, and accounts of any hospital and
22 the Department of Health and Senior Services shall be open to
23 inspection and audit by the State Auditor, or any legally authorized
24 representative thereof, in so far as the State Auditor determines that
25 they relate to the purposes of this section.

26 b. The State Auditor shall report to the Governor, and to the
27 Legislature pursuant to section 2 of P.L.1991,c.164 (C.52:14-19.1),
28 on his findings and recommendations no later than the 180th day
29 after the effective date of this act.

30

31 11. This act shall take effect on the 30th day after enactment,
32 but the Commissioner of Health and Senior Services may take such
33 anticipatory administrative action in advance thereof as shall be
34 necessary for the implementation of this act.

1 STATEMENT

2

3 This bill, which is designated as the “Charity Care Fraud
4 Prevention and Detection Act,” is intended to enact into law certain
5 recommendations of the New Jersey State Commission of
6 Investigation (SCI) in its April 2007 report, *Charity Care: An*
7 *Ailing System*, and implement additional measures to prevent waste,
8 fraud, and abuse in the hospital charity care subsidy program.

9 The bill provides specifically as follows:

- 10 • The Commissioner of Health and Senior Services is directed to
11 require the use of procedures by hospitals to ensure their uniform
12 collection from charity care applicants and transmission to the
13 Department of Health and Senior Services (DHSS) of such
14 demographic and financial information as the commissioner
15 requires pursuant to section 14 of P.L.1995, c.133 (C.26:2H-
16 18.59c) and any other information that the commissioner deems
17 appropriate to ensure the efficient, cost-effective provision of
18 charity care and to deter and detect fraudulent charity care claims.
- 19 • The commissioner and the Medicaid Inspector General are
20 directed to:
- 21 -- establish an inter-agency agreement to provide for utilizing the
22 staff and resources of the Office of the Medicaid Inspector
23 General to investigate charity care claims, which that office or
24 DHSS reasonably suspects may be fraudulent, with the same
25 authority as that granted to the Medicaid Inspector General to
26 investigate complaints related to Medicaid integrity, fraud, and
27 abuse and recover monies from third party payers that were paid
28 as charity care subsidies based upon fraudulent charity care
29 claims; and
- 30 -- ensure that any such recovered monies are used for the
31 purposes of providing charity care subsidies.
- 32 • The commissioner and the State Treasurer are directed to
33 establish an inter-agency agreement under which the staff and
34 resources of the Division of Taxation in the Department of the
35 Treasury are utilized to conduct random checks of personal State
36 income tax returns filed by persons determined eligible for
37 charity care, in consultation with the commissioner, and with the
38 Medicaid Inspector General pursuant to this bill, for the purposes

- 1 of determining the validity of charity care claims for health care
2 services provided to those persons.
- 3 • The commissioner is to establish a mechanism, by means of a
4 toll-free telephone hotline or electronic mail, by which persons
5 may confidentially report suspected incidents of fraudulent
6 charity care claims to DHSS.
 - 7 • If a charity care claim is determined to be fraudulent, a hospital is
8 entitled to recover from the patient the difference between the
9 amount of the charity care claim and the amount that the patient
10 would have otherwise been charged by the hospital to provide the
11 health care services for which the charity care claim was filed.
 - 12 • Commencing one year after the effective date of the bill, and
13 notwithstanding the provisions of any other statute or regulation
14 to the contrary, a hospital that receives a subsidy, based on a
15 charity care claim that the hospital had reasonable cause to
16 suspect was fraudulent as determined by the commissioner, will,
17 in addition to any other penalty to which the hospital may be
18 subject under law, be subject to a reduction of \$2 in the
19 distribution of charity care subsidy payments that it receives
20 during the next succeeding fiscal year for each \$1 of subsidy
21 payment received by the hospital on the basis of the fraudulent
22 claim.
 - 23 • The commissioner is further directed to:
 - 24 -- study, in consultation with the New Jersey Hospital
25 Association, the Hospital Alliance of New Jersey, and the New
26 Jersey Council of Teaching Hospitals, the feasibility of
27 establishing a centralized electronic registry of persons who have
28 been determined eligible for charity care and issuing distinctive
29 identification numbers to those persons exclusively for the
30 purposes of the registry, in order to facilitate administration of the
31 charity care subsidy program and detect fraudulent claims; and
 - 32 -- report on the findings of that study to the Governor and the
33 Legislature no later than the 120th day after the effective date of
34 the bill.
 - 35 • The State Auditor is directed to conduct a review of the
36 management and operations of the hospital charity care subsidy
37 program, with particular attention to those aspects of the program
38 analyzed by the SCI and utilizing all of the means and authority

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- 1 at the disposal of the State Auditor or his legally authorized
2 representatives, in order to identify opportunities to enhance the
3 prevention and detection of waste, fraud, and abuse in the
4 program. The State Auditor is to report to the Governor and
5 Legislature on his findings and recommendations no later than the
6 180th day after the effective date of the bill.
- 7 • The bill takes effect on the 30th day after enactment, but
8 authorizes the Commissioner of Health and Senior Services to
9 take anticipatory administrative action in advance as necessary
10 for its implementation.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR **SENATE, Nos. 2702, 2727 and 3007**

STATE OF NEW JERSEY

DATED: JUNE 18, 2007

The Senate Budget and Appropriations Committee Reports favorably a Senate Committee Substitute to Senate Bill Nos. 2702, 2727, and 3007.

This substitute, which is designated as the “Charity Care Fraud Prevention and Detection Act,” is intended to enact into law certain recommendations of the New Jersey State Commission of Investigation (SCI) in its April 2007 report, *Charity Care: An Ailing System*, and implement additional measures to prevent waste, fraud, and abuse in the hospital charity care subsidy program.

The substitute provides specifically as follows:

- The Commissioner of Health and Senior Services is directed to require the use of procedures by hospitals to ensure their uniform collection from charity care applicants and transmission to the Department of Health and Senior Services (DHSS) of such demographic and financial information as the commissioner requires pursuant to N.J.S.A.26:2H-18.59c) and any other information that the commissioner deems appropriate to ensure the efficient, cost-effective provision of charity care and to deter and detect fraudulent charity care claims.
- The commissioner and the Medicaid Inspector General are directed to:
 - establish an inter-agency agreement to provide for utilizing the staff and resources of the Office of the Medicaid Inspector General to investigate charity care claims, which that office or DHSS reasonably suspects may be fraudulent, with the same authority as that granted to the Medicaid Inspector General to investigate complaints related to Medicaid integrity, fraud, and abuse and recover monies from third party payers that were paid as charity care subsidies based upon fraudulent charity care claims; and
 - ensure that any such recovered monies are used for the purposes of providing charity care subsidies.
- The commissioner and the State Treasurer are directed to establish an inter-agency agreement under which the staff and resources of the Division of Taxation in the Department of the Treasury are utilized to conduct random checks of personal State income tax returns filed

by persons determined eligible for charity care, in consultation with the commissioner, and with the Medicaid Inspector General pursuant to this substitute, for the purposes of determining the validity of charity care claims for health care services provided to those persons.

- The commissioner is to establish a mechanism, by means of a toll-free telephone hotline or electronic mail, by which persons may confidentially report suspected incidents of fraudulent charity care claims to DHSS.
- If a charity care claim is determined to be fraudulent, a hospital is entitled to recover from the patient the difference between the amount of the charity care claim and the amount that the patient would have otherwise been charged by the hospital to provide the health care services for which the charity care claim was filed.
- Commencing one year after the effective date of the substitute, and notwithstanding the provisions of any other statute or regulation to the contrary, a hospital that receives a subsidy, based on a charity care claim that the hospital had reasonable cause to suspect was fraudulent as determined by the commissioner, will, in addition to any other penalty to which the hospital may be subject under law, be subject to a reduction of \$2 in the distribution of charity care subsidy payments that it receives during the next succeeding fiscal year for each \$1 of subsidy payment received by the hospital on the basis of the fraudulent claim. If the hospital complied with the regulations and procedures established by the department with respect to charity care documentation, the claims shall be deemed to be presumptively non-fraudulent unless the commissioner determines that the hospital knew, or should have known, that the information submitted was inaccurate.
- In any year in which the Legislature and Governor reuses a base year for the calculation of charity care reimbursement, notwithstanding the provisions of N.J.S.A.26:2H-18.59i to the contrary, a hospital subject to a penalty (under the provisions above) for that base year shall not be subject to the penalty for the same fraudulent claims in the subsequent year when the base year is reused.
- The commissioner is further directed to:
 - study, in consultation with the New Jersey Hospital Association, the Hospital Alliance of New Jersey, and the New Jersey Council of Teaching Hospitals, the feasibility of establishing a centralized electronic registry of persons who have been determined eligible for charity care and issuing distinctive identification numbers to those persons exclusively for the purposes of the registry, in order to facilitate administration of the charity care subsidy program and detect fraudulent claims; and

-- report on the findings of that study to the Governor and the Legislature no later than the 120th day after the effective date of the substitute.

- The State Auditor is directed to conduct a review of the management and operations of the hospital charity care subsidy program, with particular attention to those aspects of the program analyzed by the SCI and utilizing all of the means and authority at the disposal of the State Auditor or his legally authorized representatives, in order to identify opportunities to enhance the prevention and detection of waste, fraud, and abuse in the program. The State Auditor is to report to the Governor and Legislature on his findings and recommendations no later than the 180th day after the effective date of the substitute.
- The substitute takes effect on the 30th day after enactment, but authorizes the Commissioner of Health and Senior Services to take anticipatory administrative action in advance as necessary for its implementation.

This substitute is identical to Assembly Bill No. 4295 (Roberts/Quigley), which is pending before the Assembly Budget Committee.

FISCAL IMPACT:

- Administrative Costs:

There are no additional administrative costs associated with the legislation. Existing State appropriations to the Department of Health and Senior Services, the Inspector General, the Department of the Treasury and the State Auditor are sufficient to absorb any additional administrative requirements.

- Charity Care Appropriations:

The State appropriation for charity care is independent of the amount of charity care provided by hospitals. Thus, a reduction in the amount of charity care reported by hospitals due to the recovery of monies from fraudulent cases may not reduce the amount of charity care that is appropriated and distributed to hospitals.

To the extent that fraudulent charity care applicants are identified and hospitals recover funds from such applicants, there may be: (a) a reduction in the amount of charity care reported by hospitals or (b) a reduction in the rate of increase in the amount of charity care reported by hospitals.

It is not possible to determine how much in fraudulent charity care claims may be identified and how much may be recovered.

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 3007
STATE OF NEW JERSEY
212th LEGISLATURE

DATED: JULY 9, 2007

SUMMARY

- Synopsis:** Charity Care Fraud Prevention and Detection Act..
- Type of Impact:** **Administrative Costs** - None.
State Charity Care Appropriations None as the State appropriation for charity care is independent of the amount of documented charity care hospitals may provide.
- Agencies Affected:** Department of Health and Senior Services (DHSS), the Office of the Medicaid Inspector General (IG), the Department of the Treasury (Treasury), and the State Auditor.

Office of Legislative Services Estimate

Fiscal Impact	<u>Years 1-3</u>
Administrative Costs	No Impact - See Comments Below
State Cost	State Charity Care Appropriations None as the State appropriation for charity care is independent of the amount of documented charity care hospitals may provide.

- To the extent that hospitals are able to recover funds from fraudulent charity care applications, the amount of documented charity care reported by hospitals or the rate of increase in documented charity care reported by hospitals may be reduced.

BILL DESCRIPTION

Senate Bill No. 3007 of 2007, the “Charity Care Fraud Prevention and Detection Act,” implements additional administrative measurers to prevent waste, fraud and abuse in the hospital charity care subsidy program, which include:

- The DHSS would develop uniform procedures to be used by hospitals to collect financial and demographic information from charity care applicants and to transmit such information to DHSS;
- The DHSS, the IG and Treasury would establish inter-agency agreements to investigate suspected fraud and to match against State income tax information;
- A toll-free telephone hotline to report suspected charity care fraud would be established; and

- A feasibility study by DHSS regarding the development of a centralized electronic registry of persons who have been determined eligible for charity care and the issuance of identification numbers to such persons.

Hospitals would be entitled to recover from the patient the difference between the amount of the charity care claim and the amount that the patient would have been charged by the hospital for the health care services provided. Further, a hospital would be penalized if it had reasonable cause to suspect a claim was fraudulent but did not deny the claim, by having its charity care distribution reduced \$2 for each \$1 in charity care it received on the basis of a fraudulent claim.

Finally, the State Auditor is to conduct a review of the management and operations of the hospital charity care subsidy program in order to identify opportunities to enhance the prevention and detection of waste, fraud and abuse in the program.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

Administrative Costs:

There are no additional administrative costs associated with the legislation. Existing State appropriations to the DHSS, the IG, Treasury and the State Auditor are sufficient to absorb any additional administrative requirements.

Charity Care Appropriations:

The State appropriation for charity care is independent of the amount of charity care provided by hospitals. Thus, a reduction in the amount of charity care reported by hospitals due to the recovery of monies from fraudulent cases may not reduce the amount of charity care that is appropriated and distributed to hospitals.

To the extent that fraudulent charity care applicants are identified and hospitals recover funds from such applicants, there may be: (a) a reduction in the amount of charity care reported by hospitals or (b) a reduction in the rate of increase in the amount of charity care reported by hospitals.

It is not possible to determine how much in fraudulent charity care claims may be identified and how much may be recovered.

Section: Human Services

*Analyst: Jay A. Hershberg
Principal Fiscal Analyst*

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

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

ASSEMBLY BILL NO. 4295
(First Reprint)

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Bill No. 4295 (First Reprint) with my recommendations for reconsideration.

This bill seeks to provide new mechanisms to ensure proper oversight of the hospital charity care system. It provides for the collection of demographic and financial information and the creation of an interagency agreement between the Department of Health and Senior Services and the Medicaid Inspector General to address fraud and mistakes in the charity care system. It also provides for recovery from persons fraudulently benefiting from the charity care system and for the reduction in payments to hospitals that fail to reasonably prevent charity care fraud.

I agree that this bill is necessary. It provides several important tools to safeguard the integrity of the charity care system. It provides authority for the Medicaid Inspector General to investigate fraud and recover funds from persons abusing the system. It provides for hospitals to be penalized when they are insufficiently vigilant, but it authorizes innocent hospitals to pursue costs from persons who fraudulently mislead them. These steps are important and proper, and I commend the sponsors for responsibly addressing possible weaknesses in the charity care system.

I have, however, a technical concern with the bill. It sensibly provides for an inter-agency agreement between the Department of Health and Senior Services, the Department of the Treasury and the Medicaid Inspector General to perform random checks of the personal State income tax returns of persons

determined eligible for charity care in order to determine the validity of claims of charity care eligibility. Personal income tax records are, however, confidential and may not generally be disclosed. R.S. 54:50-8 (N.J.S.A. 54:50-8). The records may, however, be disclosed to governmental officials other than tax officials, but only if the disclosure is expressly authorized in statute. R.S. 54:50-9 (N.J.S.A. 54:50-9). The bill as written does not contain such specific authorization. I therefore recommend that the provision of the tax laws permitting disclosure for other valid governmental purposes be amended such that the Commissioner of Health and Senior Services, the Medicaid Inspector General, and their duly authorized agents would be permitted to examine the personal tax records identified in this bill for the purposes set out in this bill.

Accordingly, I herewith return Assembly Bill No. 4295 (First Reprint) and recommend that it be amended as follows:

Page 3, Line 21:

Add new section as follows:

"6. R.S. 54:50-9 is amended to read as follows:

54:50-9. Nothing herein contained shall be construed to prevent:

a. The delivery to a taxpayer or the taxpayer's duly authorized representative of a copy of any report or any other paper filed by the taxpayer pursuant to the provisions of this subtitle or of any such State tax law;

b. The publication of statistics so classified as to prevent the identification of a particular report and the items thereof;

c. The director, in the director's discretion and subject to reasonable conditions imposed by the director, from disclosing the

name and address of any licensee under any State tax law, unless expressly prohibited by such State tax law;

d. The inspection by the Attorney General or other legal representative of this State of the reports or files relating to the claim of any taxpayer who shall bring an action to review or set aside any tax imposed under any State tax law or against whom an action or proceeding has been instituted in accordance with the provisions thereof;

e. The examination of said records and files by the Comptroller, State Auditor or State Commissioner of Finance, or by their respective duly authorized agents;

f. The furnishing, at the discretion of the director, of any information contained in tax reports or returns or any audit thereof or the report of any investigation made with respect thereto, filed pursuant to the tax laws, to the taxing officials of any other state, the District of Columbia, the United States and the territories thereof, providing said jurisdictions grant like privileges to this State and providing such information is to be used for tax purposes only;

g. The furnishing, at the discretion of the director, of any material information disclosed by the records or files to any law enforcing authority of this State who shall be charged with the investigation or prosecution of any violation of the criminal provisions of this subtitle or of any State tax law;

h. The furnishing by the director to the State agency responsible for administering the Child Support Enforcement

program pursuant to Title IV-D of the federal Social Security Act, Pub. L.93-647 (42 U.S.C. § 51 et seq.), with the names, home addresses, social security numbers and sources of income and assets of all absent parents who are certified by that agency as being required to pay child support, upon request by the State agency and pursuant to procedures and in a form prescribed by the director;

i. The furnishing by the director to the Board of Public Utilities any information contained in tax information statements, reports or returns or any audit thereof or a report of any investigation made with respect thereto, as may be necessary for the administration of P.L.1991, c.184 (C.54:30A-18.6 et al.) and P.L.1997, c.162 (C.54:10A-3 et al.);

j. The furnishing by the director to the Director of the Division of Alcoholic Beverage Control in the Department of Law and Public Safety any information contained in tax information statements, reports or returns or any audit thereof or a report of any investigation made with respect thereto, as may be relevant, in the discretion of the director, in any proceeding conducted for the issuance, suspension or revocation of any license authorized pursuant to Title 33 of the Revised Statutes;

k. The inspection by the Attorney General or other legal representative of this State of the reports or files of any tobacco product manufacturer, as defined in section 2 of P.L.1999, c.148 (C.52:4D-2), for any period in which that tobacco product manufacturer was not or is not in compliance with subsection a. of section 3 of

P.L.1999, c.148 (C.52:4D-3), or of any licensed distributor as defined in section 102 of P.L.1948, c.65 (C.54:40A-2), for the purpose of facilitating the administration of the provisions of P.L.1999, c.148 (C.52:4D-1 et seq.);

l. The furnishing, at the discretion of the director, of information as to whether a contractor or subcontractor holds a valid business registration as defined in section 1 of P.L.2001, c.134 (C.52:32-44);

m. The furnishing by the director to a State agency as defined in section 1 of P.L.1995, c.158 (C.54:50-24) the names of licensees subject to suspension for non-payment of State tax indebtedness pursuant to P.L.2004, c.58 (C.54:50-26.1 et al.);

n. The release to the United States Department of the Treasury, Bureau of Financial Management Service, or its successor of relevant taxpayer information for purposes of implementing a reciprocal collection and offset of indebtedness agreement entered into between the State of New Jersey and the federal government pursuant to section 1 of P.L.2006, c.32 (C.54:49-12.7)-;

o. The examination of said records and files by the Commissioner of Health and Senior Services, the Medicaid Inspector General, or their respective duly authorized agents, pursuant to section 5 of P.L. 2007, c. (C.) (pending before the Legislature as this bill)."

Page 3, Line 21, Section 6:

Renumber as section 7.

Page 3, Line 27, Section 7:

Renumber as section 8.

Page 3, Line 34, Section 8:

Renumber as section 9.

Page 5, Line 19, Section 9:

Renumber as section 10.

Page 5, Line 36, Section 10:

Renumber as section 11.

Page 6, Line 8, Section 11:

Renumber as section 12.

Respectfully,

/s/Jon S. Corzine

Governor

[seal]

Attest:

/s/Kenneth H. Zimmerman

Chief Counsel to the Governor