

26:2H-18.74

LEGISLATIVE HISTORY CHECKLIST Compiled by the NJ State Law Library

LAWS OF: 2008 **CHAPTER:** 33

NJSA: 26:2H-18.74 ("Health Care Stabilization Fund Act"; creates fund in DHSS to provide grants to health care facilities to maintain access to essential health care services)

BILL NO: A2809 (Substituted for S1978)

SPONSOR(S): Greenwald

DATE INTRODUCED: June 12, 2008

COMMITTEE: **ASSEMBLY:** Budget

SENATE:

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** June 23, 2008

SENATE: June 23, 2008

DATE OF APPROVAL: June 30, 2008

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (First reprint enacted)

A2809

SPONSOR'S STATEMENT: (Begins on page 4 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: No

S1978

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

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: Yes

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

(continued)

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING:

No

FOLLOWING WERE PRINTED:

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REPORTS:

No

HEARINGS:

No

NEWSPAPER ARTICLES:

No

LAW

P.L. 2008, CHAPTER 33, *approved June 30, 2008*
Assembly, No. 2809 (*First Reprint*)

1 AN ACT concerning health care facilities and supplementing
2 P.L.1971, c.136 (C.26:2H-1 et seq.).

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

6
7 1. This act shall be known and may be cited as the “Health Care
8 Stabilization Fund Act.”

9
10 2. The Legislature finds and declares that:

11 a. The final report of the New Jersey Commission on
12 Rationalizing Health Care Resources, issued on January 24, 2008,
13 demonstrated that a large number of New Jersey general hospitals
14 are in poor financial health and in financial distress due to a number
15 of causes, including lack of universal coverage, underpayment by
16 public payers, misaligned incentives and interests between
17 physicians and hospitals, lack of transparency of performance or
18 cost, a need for more responsible governance at certain hospitals,
19 and excessive geographic hospital density;

20 b. The financial challenges faced by general hospitals in New
21 Jersey have caused many to close in recent years, and additional
22 hospitals may close in the future;

23 c. A general hospital’s sudden closure or significant reduction in
24 services can threaten access to health care providers and specialized
25 health care ¹**[health care]** services in the hospital’s primary
26 service area;

27 d. It is vitally important to the residents of this State that
28 continuity and stability be maintained when a general hospital
29 closes or reduces services in order to assure access to high-quality
30 and cost-effective health care services and referrals to residents of
31 the affected community;

32 e. It is fitting and appropriate that the State of New Jersey
33 provide temporary funding to continue access to and availability of
34 health care services in time of emergent need and to condition that
35 funding on adherence to requirements to ensure efficient and
36 effective delivery of health care services; and

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 19, 2008.

1 f. To that end, the Health Care Stabilization Fund is established
2 for the purpose of providing emergency grants to general hospitals
3 and other licensed health care facilities to ensure continuation of
4 access and availability of necessary health care services to residents
5 in a community served by a hospital facing closure or significantly
6 reducing services due to financial distress.

7
8 3. a. The Health Care Stabilization Fund is established as a
9 nonlapsing, revolving fund in the Department of Health and Senior
10 Services. The fund shall be administered by the Department of
11 Health and Senior Services in consultation with the Department of
12 the Treasury. The fund shall be comprised of such revenues as are
13 appropriated by the Legislature from time to time, along with any
14 interest earned on monies in the fund.

15 b. Monies from the fund shall be disbursed solely as grants to
16 qualifying licensed health care facilities pursuant to eligibility
17 criteria, and subject to conditions, prescribed by the Commissioner
18 of Health and Senior Services in accordance with the requirements
19 of this act.

20
21 4. '[a.]' The Commissioner of Health and Senior Services, in
22 consultation with the State Treasurer and the 'New Jersey' Health
23 Care Facilities Financing Authority, may award a grant to a hospital
24 or other licensed health care facility from the fund if the
25 commissioner determines that, due to extraordinary circumstances,
26 the grant is necessary to maintain access to essential health care
27 services or referral sources, as appropriate. In determining whether
28 to award a grant to a licensed health care facility, the commissioner
29 shall consider whether, at a minimum, the following factors are
30 present:

31 '[1] a.' Extraordinary circumstances threaten access to
32 essential health services 'for' residents in a community;

33 '[2] b.' Persons in a community will be without ready access
34 to essential health care services in the absence of the award of a
35 grant from the fund;

36 '[3] c.' Funding is unavailable from other sources to preserve
37 or provide essential health care services;

38 '[4] d.' A grant from the fund is likely to stabilize access to
39 the essential health care services;

40 '[5] e.' There is a reasonable likelihood that the essential
41 health care services will be sustainable upon the termination of the
42 grant; '[and

43 (6) f.' The proposed recipient of the grant agrees to conditions
44 established by the commissioner for receipt of a grant'['.

45 b. The determination of the commissioner to award or deny
46 grants from this fund shall be final and conclusive, and there shall
47 be no appeal therefrom nor any review thereof.']; and

1 g. The hospital or other licensed health care facility serves a
2 significant number of uninsured and under insured persons.¹

3
4 5. a. The Commissioner of Health and Senior Services shall set
5 reasonable conditions for the receipt of a grant by a general hospital
6 or other licensed health care facility, which conditions may include,
7 but need not be limited to, requirements to assure the efficient and
8 effective delivery of health care services.

9 ¹[(1) In the case of a general hospital] The facility shall agree
10 to: the provision of essential health care services to the community
11 as determined by the commissioner; facilitating the enrollment of
12 individuals in appropriate government insurance programs; and
13 providing the Department of Health and Senior Services with such
14 quality of care, utilization, and financial information as determined
15 by the commissioner to be reasonable and necessary. In the case of
16 a facility¹ whose financial condition created or contributed to the
17 extraordinary circumstances necessitating the award of the grant,
18 the ¹['hospital] facility¹ shall agree to such corrective steps to its
19 governance, management, and business operations as the
20 commissioner deems reasonable and appropriate in light of the
21 ¹['hospital's] facility's¹ circumstances and the health care needs of
22 the community¹]; and

23 (2) In the case of a licensed health care facility other than a
24 general hospital, the facility shall agree to: the provision of
25 essential health care services to the community as determined by
26 the commissioner; facilitating the enrollment of individuals in
27 appropriate government insurance programs; and providing the
28 Department of Health and Senior Services with such quality of care,
29 utilization, and financial information as determined by the
30 commissioner to be reasonable and necessary]¹.

31 b. Within one year of the award of a grant from the fund, the
32 commissioner, in consultation with the State Comptroller, shall
33 cause to be conducted an audit to evaluate:

34 (1) whether a grantee's use of the funds was consistent with the
35 provisions of this act, the commissioner's regulations, and any
36 conditions imposed upon the award of the grant; and

37 (2) whether a grantee's use of the funds furthered the purposes
38 of this act.

39 c. The commissioner, pursuant to the "Administrative Procedure
40 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), shall adopt such rules
41 and regulations as are necessary to effectuate the purposes of this
42 act. The regulations shall specify eligibility criteria for, and
43 conditions that must be met by, a health care facility to receive a
44 grant from the fund.

45 Notwithstanding any provision of P.L.1968, c.410 (C.52:14B-1
46 et seq.) to the contrary, the commissioner may adopt immediately
47 upon filing with the Office of Administrative Law such regulations

1 as the commissioner deems necessary to implement the provisions
2 of this act, which shall be effective for a period not to exceed 270
3 days following enactment of this act and may thereafter be
4 amended, adopted, or readopted by the department in accordance
5 with the requirements of P.L.1968, c.410.

6 d. The commissioner shall annually, by March 1 of each year,
7 submit a report on the Health Care Stabilization Fund to the
8 Governor, and to the Legislature pursuant to section 2 of P.L.1991,
9 c.164 (C.52:14-19.1). 'The commissioner shall include a copy of
10 the report on the department's website.'¹

11 The report shall identify the health care facilities that received
12 grants during the reporting period, the purpose for which the grant
13 was allocated to the facility, and the extent to which the awarding
14 of the grant furthered the purposes of this act. The report shall
15 include ¹['the results of the'] a copy of any¹ audits conducted
16 pursuant to subsection b. of this section.

17
18 6. This act shall take effect on the 60th day following
19 enactment.

20

21

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23

24 "Health Care Stabilization Fund Act"; creates fund in DHSS to
25 provide grants to health care facilities to maintain access to
26 essential health care services.

ASSEMBLY, No. 2809

STATE OF NEW JERSEY 213th LEGISLATURE

INTRODUCED JUNE 12, 2008

Sponsored by:

**Assemblyman LOUIS D. GREENWALD
District 6 (Camden)**

Co-Sponsored by:

Assemblywoman Lampitt, Senators Vitale, Cunningham and Ruiz

SYNOPSIS

“Health Care Stabilization Fund Act”; creates fund in DHSS to provide grants to health care facilities to maintain access to essential health care services.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/24/2008)

1 AN ACT concerning health care facilities and supplementing
2 P.L.1971, c.136 (C.26:2H-1 et seq.).
3

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

7 1. This act shall be known and may be cited as the “Health Care
8 Stabilization Fund Act.”
9

10 2. The Legislature finds and declares that:

11 a. The final report of the New Jersey Commission on
12 Rationalizing Health Care Resources, issued on January 24, 2008,
13 demonstrated that a large number of New Jersey general hospitals
14 are in poor financial health and in financial distress due to a number
15 of causes, including lack of universal coverage, underpayment by
16 public payers, misaligned incentives and interests between
17 physicians and hospitals, lack of transparency of performance or
18 cost, a need for more responsible governance at certain hospitals,
19 and excessive geographic hospital density;

20 b. The financial challenges faced by general hospitals in New
21 Jersey have caused many to close in recent years, and additional
22 hospitals may close in the future;

23 c. A general hospital’s sudden closure or significant reduction in
24 services can threaten access to health care providers and specialized
25 health care health care services in the hospital’s primary service
26 area;

27 d. It is vitally important to the residents of this State that
28 continuity and stability be maintained when a general hospital
29 closes or reduces services in order to assure access to high-quality
30 and cost-effective health care services and referrals to residents of
31 the affected community;

32 e. It is fitting and appropriate that the State of New Jersey
33 provide temporary funding to continue access to and availability of
34 health care services in time of emergent need and to condition that
35 funding on adherence to requirements to ensure efficient and
36 effective delivery of health care services; and

37 f. To that end, the Health Care Stabilization Fund is established
38 for the purpose of providing emergency grants to general hospitals
39 and other licensed health care facilities to ensure continuation of
40 access and availability of necessary health care services to residents
41 in a community served by a hospital facing closure or significantly
42 reducing services due to financial distress.
43

44 3. a. The Health Care Stabilization Fund is established as a
45 nonlapsing, revolving fund in the Department of Health and Senior
46 Services. The fund shall be administered by the Department of
47 Health and Senior Services in consultation with the Department of
48 the Treasury. The fund shall be comprised of such revenues as are

1 appropriated by the Legislature from time to time, along with any
2 interest earned on monies in the fund.

3 b. Monies from the fund shall be disbursed solely as grants to
4 qualifying licensed health care facilities pursuant to eligibility
5 criteria, and subject to conditions, prescribed by the Commissioner
6 of Health and Senior Services in accordance with the requirements
7 of this act.

8

9 4. a. The Commissioner of Health and Senior Services, in
10 consultation with the State Treasurer and the Health Care Facilities
11 Financing Authority, may award a grant to a hospital or other
12 licensed health care facility from the fund if the commissioner
13 determines that, due to extraordinary circumstances, the grant is
14 necessary to maintain access to essential health care services or
15 referral sources, as appropriate. In determining whether to award a
16 grant to a licensed health care facility, the commissioner shall
17 consider whether, at a minimum, the following factors are present:

18 (1) Extraordinary circumstances threaten access to essential
19 health services residents in a community;

20 (2) Persons in a community will be without ready access to
21 essential health care services in the absence of the award of a grant
22 from the fund;

23 (3) Funding is unavailable from other sources to preserve or
24 provide essential health care services;

25 (4) A grant from the fund is likely to stabilize access to the
26 essential health care services;

27 (5) There is a reasonable likelihood that the essential health care
28 services will be sustainable upon the termination of the grant; and

29 (6) The proposed recipient of the grant agrees to conditions
30 established by the commissioner for receipt of a grant.

31 b. The determination of the commissioner to award or deny grants
32 from this fund shall be final and conclusive, and there shall be no
33 appeal therefrom nor any review thereof.

34

35 5. a. The Commissioner of Health and Senior Services shall set
36 reasonable conditions for the receipt of a grant by a general hospital
37 or other licensed health care facility, which conditions may include,
38 but need not be limited to, requirements to assure the efficient and
39 effective delivery of health care services.

40 (1) In the case of a general hospital whose financial condition
41 created or contributed to the extraordinary circumstances
42 necessitating the award of the grant, the hospital shall agree to such
43 corrective steps to its governance, management, and business
44 operations as the commissioner deems reasonable and appropriate
45 in light of the hospital's circumstances and the health care needs of
46 the community; and

47 (2) In the case of a licensed health care facility other than a
48 general hospital, the facility shall agree to: the provision of

1 essential health care services to the community as determined by
2 the commissioner; facilitating the enrollment of individuals in
3 appropriate government insurance programs; and providing the
4 Department of Health and Senior Services with such quality of care,
5 utilization, and financial information as determined by the
6 commissioner to be reasonable and necessary.

7 b. Within one year of the award of a grant from the fund, the
8 commissioner, in consultation with the State Comptroller, shall
9 cause to be conducted an audit to evaluate:

10 (1) whether a grantee's use of the funds was consistent with the
11 provisions of this act, the commissioner's regulations, and any
12 conditions imposed upon the award of the grant; and

13 (2) whether a grantee's use of the funds furthered the purposes
14 of this act.

15 c. The commissioner, pursuant to the "Administrative Procedure
16 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), shall adopt such rules
17 and regulations as are necessary to effectuate the purposes of this
18 act. The regulations shall specify eligibility criteria for, and
19 conditions that must be met by, a health care facility to receive a
20 grant from the fund.

21 Notwithstanding any provision of P.L.1968, c.410 (C.52:14B-1
22 et seq.) to the contrary, the commissioner may adopt immediately
23 upon filing with the Office of Administrative Law such regulations
24 as the commissioner deems necessary to implement the provisions
25 of this act, which shall be effective for a period not to exceed 270
26 days following enactment of this act and may thereafter be
27 amended, adopted, or readopted by the department in accordance
28 with the requirements of P.L.1968, c.410.

29 d. The commissioner shall annually, by March 1 of each year,
30 submit a report on the Health Care Stabilization Fund to the
31 Governor, and to the Legislature pursuant to section 2 of P.L.1991,
32 c.164 (C.52:14-19.1). The report shall identify the health care
33 facilities that received grants during the reporting period, the
34 purpose for which the grant was allocated to the facility, and the
35 extent to which the awarding of the grant furthered the purposes of
36 this act. The report shall include the results of the audits conducted
37 pursuant to subsection b. of this section.

38
39 6. This act shall take effect on the 60th day following
40 enactment.

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42
43
44

STATEMENT

45 This bill establishes the Health Care Stabilization Fund in the
46 Department of Health and Senior Services (DHSS) for the purpose
47 of providing emergency grants to general hospitals and other
48 licensed health care facilities to ensure continuation of access and

1 availability of necessary health care services to residents in a
2 community served by a hospital facing closure or significantly
3 reducing services due to financial distress. Monies for the fund
4 shall be initially provided in the FY2009 annual appropriations act.

5 The bill provides that:

- 6 • The fund shall be administered by DHSS in consultation with the
7 Department of the Treasury.
- 8 • The Commissioner of Health and Senior Services, in consultation
9 with the State Treasurer and the Health Care Facilities Financing
10 Authority, may award a grant to a hospital or other licensed
11 health care facility from the fund if the commissioner determines
12 that due to extraordinary circumstances, the grant is necessary to
13 maintain access to essential health care services or referral
14 sources.
- 15 • In determining whether to award a grant to a licensed health care
16 facility, the commissioner shall consider whether, at a minimum,
17 the following factors are present:
 - 18 -- extraordinary circumstances threaten access to essential health
19 services to residents in a community;
 - 20 -- persons in a community will be without ready access to
21 essential health care services in the absence of the award of a
22 grant from the fund;
 - 23 -- funding is unavailable from other sources to preserve or
24 provide essential health care services;
 - 25 -- a grant from the fund is likely to stabilize access to the
26 essential health care services;
 - 27 -- there is a reasonable likelihood that the essential health care
28 services will be sustainable upon the termination of the grant; and
 - 29 -- the proposed recipient of the grant agrees to conditions
30 established by the commissioner for receipt of a grant.
- 31 • The decision to award or deny a grant would be final and
32 conclusive, and not appealable.
- 33 • The Commissioner of Health and Senior Services shall set
34 reasonable conditions for the receipt of a grant by a general
35 hospital or other licensed health care facility, which conditions
36 may include, but need not be limited to, requirements to assure
37 the efficient and effective delivery of health care services.
 - 38 -- In the case of a general hospital whose financial condition
39 created or contributed to the extraordinary circumstances
40 necessitating the award of the grant, the hospital shall agree to
41 such corrective steps to its governance, management, and
42 business operations as the commissioner deems reasonable and
43 appropriate in light of the hospital's circumstances and the health
44 care needs of the community; and
 - 45 -- In the case of a licensed health care facility other than a general
46 hospital, the facility shall agree to: the provision of essential
47 health care services to the community as determined by the
48 commissioner; facilitating the enrollment of individuals in

A2809 GREENWALD

6

- 1 appropriate government insurance programs; and providing
2 DHSS with such quality of care, utilization, and financial
3 information as determined by the commissioner to be reasonable
4 and necessary.
- 5 • Within one year of the award of a grant, the commissioner, in
6 consultation with the State Comptroller, would be required to
7 conduct an audit to evaluate compliance with grant conditions
8 and with the terms of the bill and implementing regulations.
 - 9 • The commissioner shall annually, by March 1 of each year,
10 submit a report on the Health Care Stabilization Fund to the
11 Governor and to the Legislature, which identifies the health care
12 facilities that received grants during the reporting period, the
13 purpose for which the grant was allocated to the facility, and the
14 extent to which the awarding of the grant furthered the purposes
15 of this act. The report would also include the results of audits
16 performed evaluating the use of the grants.
 - 17 • The bill takes effect 60 days after the date of enactment.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2809

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: JUNE 19, 2008

The Assembly Budget Committee reports favorably Assembly Bill No. 2809, with committee amendments.

The bill, as amended, establishes the Health Care Stabilization Fund in the Department of Health and Senior Services (DHSS) for the purpose of providing emergency grants to general hospitals and other licensed health care facilities to ensure continuation of access and availability of necessary health care services to residents in a community served by a hospital facing closure or significantly reducing services due to financial distress. Monies for the fund will initially be provided in the FY2009 annual appropriations act.

The bill provides that the fund shall be administered by DHSS in consultation with the Department of the Treasury. The Commissioner of Health and Senior Services, in consultation with the State Treasurer and the Health Care Facilities Financing Authority, may award a grant to a hospital or other licensed health care facility from the fund if the commissioner determines that due to extraordinary circumstances, the grant is necessary to maintain access to essential health care services or referral sources. In determining whether to award a grant to a licensed health care facility, the commissioner shall consider whether, at a minimum, the following factors are present:

- extraordinary circumstances threaten access to essential health services to residents in a community;
- persons in a community will be without ready access to essential health care services in the absence of the award of a grant from the fund;
- funding is unavailable from other sources to preserve or provide essential health care services;
- a grant from the fund is likely to stabilize access to the essential health care services;
- there is a reasonable likelihood that the essential health care services will be sustainable upon the termination of the grant;
- the proposed recipient of the grant agrees to conditions established by the commissioner for receipt of a grant; and
- the hospital or other licensed health care facility serves a significant number of uninsured and under insured persons.

The decision to award or deny a grant would be final and conclusive, and not appealable.

The bill requires the Commissioner of Health and Senior Services to set reasonable conditions for the receipt of a grant by a general hospital or other licensed health care facility, which conditions may include, but need not be limited to, requirements to assure the efficient and effective delivery of health care services. The bill requires that the facility agree to: the provision of essential health care services to the community as determined by the commissioner; facilitating the enrollment of individuals in appropriate government insurance programs; and providing the Department of Health and Senior Services with such quality of care, utilization, and financial information as determined by the commissioner to be reasonable and necessary. In the case of a facility whose financial condition created or contributed to the extraordinary circumstances necessitating the award of the grant, the bill requires the facility to agree to such corrective steps to its governance, management, and business operations as the commissioner deems reasonable and appropriate in light of the facility's circumstances and the health care needs of the community

The bill requires the commissioner, within one year of the award of a grant, to conduct, in consultation with the State Comptroller, an audit to evaluate compliance with grant conditions and with the terms of the bill and implementing regulations.

Under the bill the commissioner shall annually, by March 1 of each year, submit a report on the Health Care Stabilization Fund to the Governor and to the Legislature, which identifies the health care facilities that received grants during the reporting period, the purpose for which the grant was allocated to the facility, and the extent to which the awarding of the grant furthered the purposes of this act. The report would also include a copy of any audits performed evaluating the use of the grants. The commissioner shall include a copy of the report on the department's website.

The bill takes effect 60 days after the date of enactment.

As amended and reported by the committee, this bill is identical to Senate Bill No.1978 Sca.

FISCAL IMPACT:

Language provisions set forth in Assembly Bill No. 2800 (the FY 2009 budget bill) provide \$44 million to the fund.

COMMITTEE AMENDMENTS:

The amendments:

-- include as a factor to be used in determining whether to award a grant whether the hospital or other licensed health care facility serves a significant number of uninsured and under insured persons;

--delete the provision that the determination of the commissioner to award or deny a grant shall be final and not subject to appeal or review;

-- provide that any recipient of a grant shall agree to certain conditions specified in the bill, and in the case of any facility (rather than only a hospital, as the bill originally provided) whose financial condition created or contributed to the extraordinary circumstances necessitating the award of the grant, the facility shall agree to such corrective steps as the commissioner deems reasonable and appropriate in light of the facility's circumstances and the health care needs of the community; and

--specify that the annual report to the Governor and Legislature include a copy of any audits conducted pursuant to the bill, and that the report be available on the department's website.

SENATE, No. 1978

STATE OF NEW JERSEY
213th LEGISLATURE

INTRODUCED JUNE 12, 2008

Sponsored by:
Senator JOSEPH F. VITALE
District 19 (Middlesex)

SYNOPSIS

“Health Care Stabilization Fund Act”; creates fund in DHSS to provide grants to health care facilities to maintain access to essential health care services.

CURRENT VERSION OF TEXT

As introduced.



S1978 VITALE

2

1 **AN ACT** concerning health care facilities and supplementing
2 P.L.1971, c.136 (C.26:2H-1 et seq.).

3

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

6

7 1. This act shall be known and may be cited as the “Health Care
8 Stabilization Fund Act.”

9

10 2. The Legislature finds and declares that:

11 a. The final report of the New Jersey Commission on
12 Rationalizing Health Care Resources, issued on January 24, 2008,
13 demonstrated that a large number of New Jersey general hospitals
14 are in poor financial health and in financial distress due to a number
15 of causes, including lack of universal coverage, underpayment by
16 public payers, misaligned incentives and interests between
17 physicians and hospitals, lack of transparency of performance or
18 cost, a need for more responsible governance at certain hospitals,
19 and excessive geographic hospital density;

20 b. The financial challenges faced by general hospitals in New
21 Jersey have caused many to close in recent years, and additional
22 hospitals may close in the future;

23 c. A general hospital’s sudden closure or significant reduction in
24 services can threaten access to health care providers and specialized
25 health care health care services in the hospital’s primary service
26 area;

27 d. It is vitally important to the residents of this State that
28 continuity and stability be maintained when a general hospital
29 closes or reduces services in order to assure access to high-quality
30 and cost-effective health care services and referrals to residents of
31 the affected community;

32 e. It is fitting and appropriate that the State of New Jersey
33 provide temporary funding to continue access to and availability of
34 health care services in time of emergent need; and

35 f. To that end, the Health Care Stabilization Fund is established
36 for the purpose of providing emergency grants to general hospitals
37 and other licensed health care facilities to ensure continuation of
38 access and availability of necessary health care services to residents
39 in a community served by a hospital facing closure or significantly
40 reducing services due to financial distress.

41

42 3. a. The Health Care Stabilization Fund is established as a
43 nonlapsing, revolving fund in the Department of Health and Senior
44 Services. The fund shall be administered by the Department of
45 Health and Senior Services in consultation with the Department of
46 the Treasury. The fund shall be comprised of such revenues as are
47 appropriated by the Legislature from time to time, along with any
48 interest earned on monies in the fund.

1 b. Monies from the fund shall be disbursed solely as grants to
2 qualifying licensed health care facilities pursuant to eligibility
3 criteria, and subject to conditions, prescribed by the Commissioner
4 of Health and Senior Services in accordance with the requirements
5 of this act.

6
7 4. The Commissioner of Health and Senior Services may award
8 a grant to a hospital or other licensed health care facility from the
9 fund if the commissioner determines that, due to extraordinary
10 circumstances, the grant is necessary to maintain access to essential
11 health care services or referral sources, as appropriate. In
12 determining whether to award a grant to a licensed health care
13 facility, the commissioner shall consider whether, at a minimum,
14 the following factors are present:

15 a. Extraordinary circumstances threaten access to essential
16 health services residents in a community;

17 b. Persons in a community will be without ready access to
18 essential health care services in the absence of the award of a grant
19 from the fund;

20 c. Funding is unavailable from other sources to preserve or
21 provide essential health care services;

22 d. A grant from the fund is likely to stabilize access to the
23 essential health care services;

24 e. There is a reasonable likelihood that the essential health care
25 services will be sustainable upon the termination of the grant; and

26 f. The proposed recipient of the grant agrees to conditions
27 established by the commissioner for receipt of a grant.

28
29 5. a. The Commissioner of Health and Senior Services shall set
30 reasonable conditions for the receipt of a grant by a general hospital
31 or other licensed health care facility, which conditions may include,
32 but need not be limited to, requirements to assure the efficient and
33 effective delivery of health care services.

34 (1) In the case of a general hospital whose financial condition
35 created or contributed to the extraordinary circumstances
36 necessitating the award of the grant, the hospital shall agree to such
37 corrective steps to its governance, management, and business
38 operations as the commissioner deems reasonable and appropriate
39 in light of the hospital's circumstances and the health care needs of
40 the community; and

41 (2) In the case of a licensed health care facility other than a
42 general hospital, the facility shall agree to: the provision of
43 essential health care services to the community as determined by
44 the commissioner; facilitating the enrollment of individuals in
45 appropriate government insurance programs; and providing the
46 Department of Health and Senior Services with such quality of care,
47 utilization, and financial information as determined by the
48 commissioner to be reasonable and necessary.

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1 b. The commissioner, pursuant to the “Administrative Procedure
2 Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), shall adopt such rules
3 and regulations as are necessary to effectuate the purposes of this
4 act. The regulations shall specify eligibility criteria for, and
5 conditions that must be met by, a health care facility to receive a
6 grant from the fund.

7 Notwithstanding any provision of P.L.1968, c.410 (C.52:14B-1
8 et seq.) to the contrary, the commissioner may adopt immediately
9 upon filing with the Office of Administrative Law such regulations
10 as the commissioner deems necessary to implement the provisions
11 of this act, which shall be effective for a period not to exceed 270
12 days following enactment of this act and may thereafter be
13 amended, adopted, or readopted by the department in accordance
14 with the requirements of P.L.1968, c.410.

15 c. The commissioner shall annually, by March 1 of each year,
16 submit a report on the Health Care Stabilization Fund to the
17 Governor, and to the Legislature pursuant to section 2 of P.L.1991,
18 c.164 (C.52:14-19.1). The report shall identify the health care
19 facilities that received grants during the reporting period, the
20 purpose for which the grant was allocated to the facility, and the
21 extent to which the awarding of the grant furthered the purposes of
22 this act.

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24 6. This act shall take effect on the 60th day following
25 enactment.

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STATEMENT

29

30 This bill establishes the Health Care Stabilization Fund in the
31 Department of Health and Senior Services (DHSS) for the purpose
32 of providing emergency grants to general hospitals and other
33 licensed health care facilities to ensure continuation of access and
34 availability of necessary health care services to residents in a
35 community served by a hospital facing closure or significantly
36 reducing services due to financial distress. Monies for the fund
37 shall be initially provided in the FY2009 annual appropriations act.

38 The bill provides that:

39 • The fund shall be administered by DHSS in consultation with the
40 Department of the Treasury.

41 • The Commissioner of Health and Senior Services may award a
42 grant to a hospital or other licensed health care facility from the
43 fund if the commissioner determines that due to extraordinary
44 circumstances, the grant is necessary to maintain access to
45 essential health care services or referral sources.

46 • In determining whether to award a grant to a licensed health care
47 facility, the commissioner shall consider whether, at a minimum,
48 the following factors are present:

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- 1 -- extraordinary circumstances threaten access to essential health
2 services to residents in a community;
- 3 -- persons in a community will be without ready access to
4 essential health care services in the absence of the award of a
5 grant from the fund;
- 6 -- funding is unavailable from other sources to preserve or
7 provide essential health care services;
- 8 -- a grant from the fund is likely to stabilize access to the
9 essential health care services;
- 10 -- there is a reasonable likelihood that the essential health care
11 services will be sustainable upon the termination of the grant; and
- 12 -- the proposed recipient of the grant agrees to conditions
13 established by the commissioner for receipt of a grant.
- 14 • The Commissioner of Health and Senior Services shall set
15 reasonable conditions for the receipt of a grant by a general
16 hospital or other licensed health care facility, which conditions
17 may include, but need not be limited to, requirements to assure
18 the efficient and effective delivery of health care services.
- 19 -- In the case of a general hospital whose financial condition
20 created or contributed to the extraordinary circumstances
21 necessitating the award of the grant, the hospital shall agree to
22 such corrective steps to its governance, management, and
23 business operations as the commissioner deems reasonable and
24 appropriate in light of the hospital's circumstances and the health
25 care needs of the community; and
- 26 -- In the case of a licensed health care facility other than a general
27 hospital, the facility shall agree to: the provision of essential
28 health care services to the community as determined by the
29 commissioner; facilitating the enrollment of individuals in
30 appropriate government insurance programs; and providing
31 DHSS with such quality of care, utilization, and financial
32 information as determined by the commissioner to be reasonable
33 and necessary.
- 34 • The commissioner shall annually, by March 1 of each year,
35 submit a report on the Health Care Stabilization Fund to the
36 Governor and to the Legislature, which identifies the health care
37 facilities that received grants during the reporting period, the
38 purpose for which the grant was allocated to the facility, and the
39 extent to which the awarding of the grant furthered the purposes
40 of this act.
- 41 • The bill takes effect 60 days after the date of enactment.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1978

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 19, 2008

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1978, with committee amendments.

As amended by committee, the bill establishes the Health Care Stabilization Fund in the Department of Health and Senior Services (DHSS) for the purpose of providing emergency grants to general hospitals and other licensed health care facilities to ensure continuation of access and availability of necessary health care services to residents in a community served by a hospital facing closure or significantly reducing services due to financial distress. Monies for the fund shall be initially provided in the FY2009 annual appropriations act.

The bill provides that:

- The fund shall be administered by DHSS in consultation with the Department of the Treasury.
- The Commissioner of Health and Senior Services, in consultation with the State Treasurer and the New Jersey Health Care Facilities Financing Authority, may award a grant to a hospital or other licensed health care facility from the fund if the commissioner determines that due to extraordinary circumstances, the grant is necessary to maintain access to essential health care services or referral sources.
- In determining whether to award a grant to a licensed health care facility, the commissioner shall consider whether, at a minimum, the following factors are present:
 - extraordinary circumstances threaten access to essential health services to residents in a community;
 - persons in a community will be without ready access to essential health care services in the absence of the award of a grant from the fund;
 - funding is unavailable from other sources to preserve or provide essential health care services;
 - a grant from the fund is likely to stabilize access to the essential health care services;

- there is a reasonable likelihood that the essential health care services will be sustainable upon the termination of the grant;
- the proposed recipient of the grant agrees to conditions established by the commissioner for receipt of a grant; and
 - the hospital or other licensed health care facility serves a significant number of uninsured and under insured persons.
- The Commissioner of Health and Senior Services shall set reasonable conditions for the receipt of a grant by a general hospital or other licensed health care facility, which conditions may include, but need not be limited to, requirements to assure the efficient and effective delivery of health care services. The facility shall agree to: the provision of essential health care services to the community as determined by the commissioner; facilitating the enrollment of individuals in appropriate government insurance programs; and providing the DHSS with such quality of care, utilization, and financial information as determined by the commissioner to be reasonable and necessary. In the case of a facility whose financial condition created or contributed to the extraordinary circumstances necessitating the award of the grant, the facility shall agree to such corrective steps to its governance, management, and business operations as the commissioner deems reasonable and appropriate in light of the facility's circumstances and the health care needs of the community
- Within one year of the award of a grant, the commissioner, in consultation with the State Comptroller, would be required to conduct an audit to evaluate compliance with grant conditions and with the terms of the bill and implementing regulations.
- The commissioner shall annually, by March 1 of each year, submit a report on the Health Care Stabilization Fund to the Governor and to the Legislature, which identifies the health care facilities that received grants during the reporting period, the purpose for which the grant was allocated to the facility, and the extent to which the awarding of the grant furthered the purposes of this bill. The report would also include a copy of any audits performed evaluating the use of the grants. The commissioner shall include a copy of the report on the department's website.
- The bill takes effect 60 days after the date of enactment.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

- provide that the Commissioner of Health and Senior Services shall consult with the State Treasurer and the New Jersey Health Care Facilities Financing Authority in awarding grants under the fund;
- include as a factor to be used in determining whether to award a grant whether the hospital or other licensed health care facility serves a significant number of uninsured and under insured persons;

-- provide that any recipient of a grant shall agree to certain conditions specified in the bill, and in the case of any facility (rather than only a hospital, as the bill originally provided) whose financial condition created or contributed to the extraordinary circumstances necessitating the award of the grant, the facility shall agree to such corrective steps as the commissioner deems reasonable and appropriate in light of the facility's circumstances and the health care needs of the community.'

-- direct the commissioner, in consultation with the State Comptroller, to conduct an audit one year after the award of a grant to evaluate whether a grantee's use of the funds was consistent with the provisions of the bill and any conditions imposed upon the award of the grant, and whether the grantee's use of the funds furthered the purposes of the bill; and

-- specify that the annual report to the Governor and Legislature include a copy of any audits conducted pursuant to the bill, and that the report be available on the department's website.

As amended by committee, this bill is identical to Assembly Bill No. 2809 ACA (Greenwald).

FISCAL IMPACT:

Language provisions set forth in the FY 2009 appropriations bill, Senate Bill No. 2009, provide \$44 million to the Health Care Stabilization Fund.