

26 2H-18.52

LEGISLATIVE HISTORY CHECKLIST  
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(Hospitals--charity care)

NJSA: 26:2H-18.52

LAWS OF: 1995 CHAPTER: 133

BILL NO: S2616

SPONSOR(S): Felice and others

DATE INTRODUCED: February 27, 1995

COMMITTEE: ASSEMBLY: Health & Human Services  
SENATE: Budget

AMENDED DURING PASSAGE: Yes Amendments during passage  
Fourth reprint enacted denoted by superscript numbers

DATE OF PASSAGE: ASSEMBLY: May 1, 1995  
SENATE: June 12, 1995

DATE OF APPROVAL: June 26, 1995

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: ASSEMBLY: Yes  
SENATE: Yes

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

Attached--governor Whitman's FY 1996 Budget Recommendation.

See newspaper clippings--attached:

"New law gives \$475M. to hospitals for poor," 6-27-95, Atlantic City Press.

"Whitman approves \$475M for hospital charity care," 6-27-95, Record.

KBG:pp

[FOURTH REPRINT]

ASSEMBLY, No. 2616

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 27, 1995

By Assemblymen FELICE, DORIA, Kavanaugh, Colburn, Lance, Assemblywoman J. Smith, Assemblymen T. Smith, Augustine, Assemblywoman Murphy, Assemblymen Zangari, Hayden, Corodemus, Assemblywoman Vandervalk, Assemblymen Garrett, Zisa, Charles, Bucco, Rooney, Kramer, Arnone, Cottrell, DiGaetano, Bateman, Zecker, Assemblywoman Weinberg, Assemblyman Russo, Assemblywomen Wright, Ogden, Farragher, Assemblymen Lustbader, Assemblywoman Heck, Assemblymen Azzolina, Impreduto, Romano, Albohn, Bagger, Holzapfel, Bodine, Assemblywoman Quigley, Assemblymen Green, DeCroce, Warsh, Gregg, Kelly, Garcia, Wolfe, Moran, Assemblywoman Crecco, Assemblymen Malone, Connors, Jones and McEnroe

1 AN ACT concerning the distribution of charity care subsidies to  
2 hospitals, amending and supplementing P.L.1992, c.160 and  
3 repealing parts of statutory law.

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

7 1. Section 2 of P.L.1992, c.160 (C.26:2H-18.52) is amended to  
8 read as follows:

9 2. As used in sections 1 through 17 of this act <sup>2</sup>and sections 12  
10 through 15 of P.L. , c. (C. )(pending before the Legislature as  
11 this bill)<sup>2</sup>:

12 "Administrator" means the administrator of the Health Care  
13 Subsidy Fund appointed by the [New Jersey Essential Health  
14 Services Commission] commissioner.

15 "Charity care" means care provided at disproportionate share  
16 hospitals that may be eligible for a charity care subsidy pursuant  
17 to this act.

18 "Charity care subsidy" means the component of the  
19 disproportionate share payment that is attributable to care  
20 provided at a disproportionate share hospital to persons unable to  
21 pay for that care, as provided in this act.

22 "Commission" means the New Jersey Essential Health Services  
23 Commission established pursuant to section 4 of this act.

24 "Commissioner" means the Commissioner of Health.

25 "Department" means the Department of Health.

26 "Disproportionate share hospital" means a hospital designated  
27 by the Commissioner of Human Services pursuant to Pub.L.89-97  
28 (42 U.S.C.§1396a et seq.) and Pub.L.102-234.

29 "Disproportionate share payment" means those payments made  
30 by the Division of Medical Assistance and Health Services in the  
31 Department of Human Services to hospitals defined as  
32 disproportionate share hospitals by the Commissioner of Human

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

1 Assembly AHH committee amendments adopted March 9, 1995.

2 Assembly floor amendments adopted May 1, 1995.

3 Senate SBA committee amendments adopted May 8, 1995.

4 Senate floor amendments adopted May 25, 1995.

1 Services in accordance with federal laws and regulations  
2 applicable to hospitals serving a disproportionate number of low  
3 income patients.

4 "Fund" means the Health Care Subsidy Fund [in the New Jersey  
5 Essential Health Services Commission] established pursuant to  
6 section 8 of this act.

7 "Hospital" means <sup>2</sup>[a general] an<sup>2</sup> acute care hospital licensed  
8 by the Department of Health pursuant to P.L.1971, c.136  
9 (C.26:2H-1 et al.).

10 "Medicaid" means the New Jersey Medical Assistance and  
11 Health Services Program in the Department of Human Services  
12 established pursuant to P.L.1968, c.413 (C.30:4D-1 et seq.).

13 "Medicare" means the program established pursuant to  
14 Pub.L.89-97 (42 U.S.C. §1395 et seq.).

15 "Other uncompensated care" means all costs not reimbursed by  
16 hospital payers excluding charity care, graduate medical  
17 education, discounts, bad debt and reduction in Medicaid  
18 payments.

19 "Poverty level" means the official poverty level based on  
20 family size established and adjusted under Section 673(2) of  
21 Subtitle B, the "Community Services Block Grant Act," Pub.L.  
22 97-35 (42 U.S.C. §9902(2)).

23 "Preliminary cost base" means the preliminary cost base  
24 defined in section 2 of P.L.1971, c.136 (C.26:2H-2), as  
25 determined by the Hospital Rate Setting Commission.

26 (cf: P.L.1992, c.160, s.2)

27 2. Section 5 of P.L.1992, c.160 (C.26:2H-18.55) is amended to  
28 read as follows:

29 5. The [commission] commissioner shall:

30 a. Administer the fund and establish a mechanism to allocate  
31 monies received from the Commissioner of Labor pursuant to  
32 section 29 of P.L.1992, c.160 (C.43:21-7b) to the appropriate  
33 accounts in the fund as specified in this act;

34 b. Establish eligibility determination and claims [processing]  
35 pricing systems for the charity care component of the  
36 disproportionate share subsidy, including the development of  
37 uniform forms for determining eligibility and submitting claims.  
38 The [commission] commissioner may contract with a private  
39 claims administrator or processor for the purpose of processing  
40 hospital claims for charity care pursuant to this act;

41 c. Establish a schedule of payments for reimbursement of the  
42 charity care component of the disproportionate share payment  
43 for services provided to emergency room patients who do not  
44 require those services on an emergency basis;

45 d. [Develop] In cooperation with the Departments of Insurance  
46 and Human Services, develop and provide for the implementation  
47 [by January 1, 1994] of the Health Access New Jersey [SHIELD]  
48 program pursuant to section 15 of this act;

49 e. Study and, if feasible, establish hospital cost and outcome  
50 reports to provide assistance to consumers of health care in this  
51 State in making prudent health care choices;

52 f. Compile demographic information on recipients of, and  
53 types of services paid for by, the charity care component of the  
54 disproportionate share payment and [include a summary of this

- 1 information in the commission's annual report] periodically  
2 report a summary of this information to the Governor and  
3 Legislature. The demographic information shall include, at a  
4 minimum, the recipient's age, sex, marital status, employment  
5 status, type of health insurance coverage, if any, and if the  
6 recipient is a child under 18 years of age who does not have  
7 health insurance coverage or a married person who does not have  
8 health insurance coverage, whether the child's parent or the  
9 married person's spouse, as the case may be, has health insurance;
- 10 g. [Review the level of hospital charges and assess their  
11 appropriateness in relation to hospitals in neighboring states;]  
12 (Deleted by amendment, P.L. , c. )(pending before the  
13 Legislature as this bill)
- 14 h. [Review and assess the adequacy of Medicare hospital  
15 reimbursement rates as established by the federal government;]  
16 (Deleted by amendment, P.L. , c. )(pending before the  
17 Legislature as this bill)
- 18 i. [Review and assess the level of Medicaid reimbursement  
19 rates for physicians and other health care providers with the  
20 purpose of encouraging their increased participation in less costly  
21 and more appropriate methods of treatment, particularly,  
22 preventive care services and managed care;] (Deleted by  
23 amendment, P.L. , c. )(pending before the Legislature as this  
24 bill)
- 25 j. [Assess adherence by third party payers and hospitals to  
26 recognized fair market contracting standards and recommend to  
27 the Governor and Legislature whenever the commission deems  
28 appropriate, safeguards to prevent unfair or discriminatory  
29 contracting or pricing policies;] (Deleted by amendment, P.L. ,  
30 c. )(pending before the Legislature as this bill)
- 31 k. [Ensure that charity care services financed pursuant to this  
32 act are provided in the most appropriate and cost effective  
33 manner and assess the feasibility of shifting services received by  
34 hospital charity care patients to a managed care system;]  
35 (Deleted by amendment, P.L. , c. )(pending before the  
36 Legislature as this bill)
- 37 l. Encourage the use of centralized data storage and  
38 transmission technology that utilizes personal and image  
39 identification systems as well as identity verification technology  
40 for the purposes of enabling a hospital to access medical history,  
41 insurance information and other personal information, as  
42 appropriate;
- 43 m. [Review and examine medical malpractice reform  
44 initiatives, including but not limited to, mediation programs and  
45 practice protocols established by the United States Agency for  
46 Health Care Policy and Research and include any  
47 recommendations for legislative action the commission deems  
48 appropriate for implementing the use of such reform initiatives in  
49 the commission's annual report to the Governor and the  
50 Legislature;] (Deleted by amendment, P.L. , c. )(pending before  
51 the Legislature as this bill)
- 52 n. [Consult with the Health Care Facilities Financing  
53 Authority on the development of a program to establish a hospital  
54 bond reserve fund;] (Deleted by amendment, P.L. , c. )(pending

- 1 before the Legislature as this bill)
- 2 o. Take such other actions [to provide for efficient and  
3 effective health care financing as the commission] as the  
4 commissioner deems necessary and appropriate [pursuant to this  
5 act] to carry out the provisions of P.L.1992, c.160 (C.26:2H-18.51  
6 et al.); and
- 7 p. Report annually to the Governor and the Legislature [by  
8 November 1 of each year] on the status of the fund [and the  
9 activities of the commission, and include in the report any  
10 recommendations for legislative action the commission deems  
11 appropriate].  
12 (cf: P.L.1992, c.160, s.5)
- 13 3. Section 7 of P.L.1992, c.160 (C.26:2H-18.57) is amended to  
14 read as follows:
- 15 7. Effective January 1, 1994, the Department of Health shall  
16 assess each hospital a per adjusted admission charge of \$10.00.
- 17 Of the revenues raised by the assessment, \$5.00 per adjusted  
18 admission shall be used by the [commission] department to [fund  
19 its administrative costs] carry out its duties pursuant to P.L.1992,  
20 c.160 (C.26:2H-18.51 et al.) and \$5.00 per adjusted admission  
21 shall be used by the [Department of Health] department for  
22 administrative costs related to health planning.  
23 (cf: P.L.1992, c.160, s.7)
- 24 4. Section 8 of P.L.1992, c.160 (C.26:2H-18.58) is amended to  
25 read as follows:
- 26 8. There is established the Health Care Subsidy Fund in the  
27 [New Jersey Essential Health Services Commission] Department  
28 of Health.
- 29 a. The fund shall be comprised of revenues from employee and  
30 employer contributions made pursuant to section 29 of P.L.1992,  
31 c.160 (C.43:21-7b), revenues from the hospital assessment made  
32 pursuant to section 12 of this act, revenues from interest and  
33 penalties collected pursuant to this act and revenues from such  
34 other sources as the Legislature shall determine. Interest earned  
35 on the monies in the fund shall be credited to the fund.
- 36 The fund shall be a nonlapsing fund dedicated for use by the  
37 State to: (1) distribute charity care and other uncompensated  
38 care disproportionate share payments to hospitals, and provide  
39 subsidies for the Health Access New Jersey [SHIELD] program  
40 established pursuant to section 15 of this act; and (2) [provide  
41 financial assistance for] assist hospitals and other health care  
42 [initiatives and hospital bond assistance] facilities in the  
43 underwriting of innovative and necessary health care services.
- 44 b. The fund shall be administered by a person appointed by the  
45 [commission] commissioner.
- 46 The administrator of the fund is responsible for overseeing and  
47 coordinating the collection and reimbursement of fund monies.  
48 The administrator is responsible for promptly informing the  
49 [commission] commissioner if monies are not or are not  
50 reasonably expected to be collected or disbursed or if the fund's  
51 reserve as established in subsection c. of this section falls below  
52 the required level.
- 53 c. The fund shall maintain a reserve in an amount not to  
54 exceed \$20 million. The [commission] commissioner shall adopt

1 rules and regulations to govern the use of the reserve and to  
2 ensure the integrity of the fund, pursuant to the "Administrative  
3 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.).

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

12 e. 2[Subject to the limitations provided in subsection f. of  
13 section 9 of P.L.1992, c.160 (C.26:2H-18.59), the commissioner  
14 may adjust the annual allotments in each account and transfer  
15 amounts between accounts in the fund as may be necessary to  
16 carry out the purposes of P.L.1992, c.160 (C.26:2H-18.51 et al.).]  
17 In the event that the charity care component of the  
18 disproportionate share hospital subsidy account has a surplus in a  
19 given year after payments are distributed pursuant to the  
20 methodology established in section 13 of P.L. , c. (C. )  
21 (pending before the Legislature as this bill) and within the  
22 limitations provided in subsection e. of section 9 of P.L.1992,  
23 c.160 (C.26:2H-18.59), the commissioner may reallocate the  
24 surplus monies to the Health Access New Jersey subsidy account.<sup>2</sup>  
25 (cf: P.L.1992, c.160, s.8)

26 5. Section 9 of P.L.1992, c.160 (C.26:2H-18.59) is amended to  
27 read as follows:

28 9. a. The [commission] commissioner shall allocate such funds  
29 as specified in <sup>2</sup>subsection e. of<sup>2</sup> this section to the charity care  
30 component of the disproportionate share hospital subsidy  
31 account. <sup>2</sup>[Such funds as may be [necessary] available in a given  
32 year shall be transferred by the [commission] department from  
33 the fund to the Division of Medical Assistance and Health  
34 Services in the Department of Human Services] In a given year,  
35 the department shall transfer from the fund to the Division of  
36 Medical Assistance and Health Services in the Department of  
37 Human Services such funds as may be necessary<sup>2</sup> for the total  
38 approved <sup>2</sup>charity care<sup>2</sup> disproportionate share payments to  
39 hospitals <sup>2</sup>[in] for<sup>2</sup> that year.

40 b. For the period January 1, 1993 to December 31, 1993, the  
41 commission shall allocate \$500 million to the charity care  
42 component of the disproportionate share hospital subsidy  
43 account. The Department of Health shall recommend the amount  
44 that the Division of Medical Assistance and Health Services shall  
45 pay to an eligible hospital on a provisional, monthly basis  
46 pursuant to paragraphs (1) and (2) of this subsection. The  
47 department shall also advise the commission and each eligible  
48 hospital of the amount a hospital is entitled to receive.

49 (1) The department shall determine if a hospital is eligible to  
50 receive a charity care subsidy in 1993 based on the following:

- 51 Hospital Specific Approved Uncompensated Care-1991
- 52 .....
- 53 Hospital Specific Preliminary Cost Base-1992
- 54 = Hospital Specific % Uncompensated Care (%UC)

1 A hospital is eligible for a charity care subsidy in 1993 if, upon  
2 establishing a rank order of the %UC for all hospitals, the  
3 hospital is among the 80% of hospitals with the highest %UC.

4 (2) The maximum amount of the charity care subsidy an  
5 eligible hospital may receive in 1993 shall be based on the  
6 following:

$$\begin{array}{l}
7 \quad \text{Hospital Specific Approved Uncompensated Care-1991} \\
8 \quad \text{.....} \\
9 \quad \text{Total approved Uncompensated Care All Eligible Hospitals-1991} \\
10 \quad \quad \quad \text{X \$500 million} \\
11 \quad \quad \quad = \text{Maximum Amount of Hospital Specific} \\
12 \quad \quad \quad \text{Charity Care Subsidy for 1993}
\end{array}$$

13 (3) A hospital shall be required to submit all claims for charity  
14 care cost reimbursement, as well as demographic information  
15 about the persons who qualify for charity care, to the department  
16 in a manner and time frame specified by the Commissioner of  
17 Health, in order to continue to be eligible for a charity care  
18 subsidy in 1993 and in subsequent years.

19 The demographic information shall include the recipient's age,  
20 sex, marital status, employment status, type of health insurance  
21 coverage, if any, and if the recipient is a child under 18 years of  
22 age who does not have health insurance coverage or a married  
23 person who does not have health insurance coverage, whether the  
24 child's parent or the married person's spouse, as the case may  
25 be, has health insurance.

26 (4) A hospital shall be reimbursed for the cost of eligible  
27 charity care at the same rate paid to that hospital by the  
28 Medicaid program; except that charity care services provided to  
29 emergency room patients who do not require those services on an  
30 emergency basis shall be reimbursed at a rate appropriate for  
31 primary care, according to a schedule of payments developed by  
32 the commission.

33 (5) The department shall provide for an audit of a hospital's  
34 charity care for 1993 within a time frame established by the  
35 department.

36 c. [Beginning] For the period January 1, 1994 to December 31,  
37 1994, a hospital shall receive disproportionate share payments  
38 from the Division of Medical Assistance and Health Services  
39 based on the amount of charity care submitted to the commission  
40 or its designated agent, in a form and manner specified by the  
41 commission. The commission or its designated agent shall review  
42 and [process] price all charity care claims and notify the Division  
43 of Medical Assistance and Health Services of the amount it shall  
44 pay to each hospital on a monthly basis based on actual services  
45 rendered.

46 (1) [A hospital that chooses to receive charity care subsidy  
47 payments shall notify the commission by November 30 preceding  
48 the year in which the subsidy is to be received and provide the  
49 commission with any information required by the commission to  
50 establish the hospital's maximum subsidy allotment for the next  
51 year.

52 The maximum charity care subsidy allotment a hospital may  
53 receive in a year shall be based on the following:

$$54 \quad \text{Hospital Specific Approved Charity Care for Previous Year}$$

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.....  
Total Approved Charity Care  
All Eligible Hospitals for Previous Year  
X Total Amount of Charity Care Subsidy for Year  
= Maximum Hospital Specific Charity Care  
Subsidy Allotment for Year

In 1994, the total amount of charity care subsidy shall be \$450 million, in 1995, it shall be \$400 million, in 1996, it shall be \$350 million, and in 1997 and each year thereafter, it shall be \$300 million; except that, the commission may adjust the annual allotments, by regulation and in accordance with the availability of monies in other accounts in the fund, if necessary to ensure access to hospital care for indigent persons.] (Deleted by amendment, P.L. , c. )(pending before the Legislature as this bill)

(2) If the commission is not able to fully implement the charity care claims [processing] pricing system by January 1, 1994, the commission shall continue to make provisional disproportionate share payments to eligible hospitals, through the Division of Medical Assistance and Health Services, based on the charity care costs incurred by all hospitals in 1993, until such time as the commission is able to implement the claims [processing] pricing system.

If there are additional charity care balances available after the 1994 distribution based on 1993 charity care costs, the department shall transfer these available balances from the fund to the Division of Medical Assistance and Health Services for an approved one-time disproportionate share payment to hospitals according to the methodology provided in section 12 of P.L. , c. (C. )(pending before the Legislature as this bill). The total payment for all hospitals shall not exceed \$75.5 million.

(3) A hospital shall be reimbursed for the cost of eligible charity care at the same rate paid to that hospital by the Medicaid program; except that charity care services provided to emergency room patients who do not require those services on an emergency basis shall be reimbursed at a rate appropriate for primary care, according to a schedule of payments developed by the commission.

(4) [A hospital shall submit demographic information about the persons who qualify for charity care to the commission in a manner and time frame specified by the commission, in order to receive its charity care subsidy.

The demographic information shall include the recipient's age, sex, marital status, employment status, type of health insurance coverage, if any, and if the recipient is a child under 18 years of age who does not have health insurance coverage or a married person who does not have health insurance coverage, whether the child's parent or the married person's spouse, as the case may be, has health insurance.] (Deleted by amendment, P.L. , c. )(pending before the Legislature as this bill).

d. [A hospital which does not receive a charity care subsidy pursuant to this act shall submit to the commission on a quarterly basis, the following demographic information about individuals to whom it provides uncompensated care: the individual's age, sex,



1 marital status, employment status, type of health insurance  
2 coverage, if any, and if the individual is a child under 18 years of  
3 age who does not have health insurance coverage or a married  
4 person who does not have health insurance coverage, whether the  
5 child's parent or the married person's spouse, as the case may  
6 be, has health insurance.] (Deleted by amendment, P.L. ,  
7 c. )(pending before the Legislature as this bill).

8 e. <sup>2</sup>[In 1994, the total amount of charity care subsidy  
9 payments shall not exceed \$450 million, in 1995, it shall not  
10 exceed \$400 million, in 1996, it shall not exceed \$350 million, and  
11 in 1997 and each year thereafter, it shall not exceed \$300  
12 million.] The total amount allocated for charity care subsidy  
13 payments shall be: in 1994, \$450 million<sup>4</sup>[,] and<sup>4</sup> in 1995, \$400  
14 million<sup>4</sup>[, in 1996, \$350 million, and in 1997 and each year  
15 thereafter, \$300 million]<sup>4</sup>. Total payments to hospitals shall not  
16 exceed the amount allocated for each given year.<sup>2</sup>

17 f. Beginning January 1, 1995:

18 (1) The charity care subsidy shall be determined pursuant to  
19 section 13 of P.L. , c. (C. )(pending before the Legislature as  
20 this bill).

21 (2) A charity care claim shall be valued at the same rate paid  
22 to that hospital by the Medicaid program, except that charity  
23 care services provided to emergency room patients who do not  
24 require those services on an emergency basis shall be valued at a  
25 rate appropriate for primary care according to a schedule of  
26 payments adopted by the commissioner.

27 (3) The department shall provide for an audit of a hospital's  
28 charity care within a time frame established by the commissioner.  
29 (cf: P.L.1992, c.160, s.9)

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

32 10. a. The [commission] commissioner shall establish a uniform  
33 charity care eligibility and reimbursement claim form that a  
34 hospital shall be required to use in order to receive  
35 reimbursement for charity care under this act.

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

40 The [commission] commissioner shall establish:

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

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

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

48 (cf: P.L.1992, c.160, s.10)

49 7. Section 11 of P.L.1992, c.160 (C.26:2H-18.61) is amended to  
50 read as follows:

51 11. a. The monies in the other uncompensated care component  
52 of the disproportionate share hospital subsidy account shall be  
53 distributed to eligible hospitals in accordance with the formulas  
54 provided in subsections b. and c. of this section. In 1993, the fund

1 shall distribute \$100 million in subsidies to eligible hospitals; in  
 2 1994, the fund shall distribute \$67 million to eligible hospitals;  
 3 and in 1995, the fund shall distribute \$33 million to eligible  
 4 hospitals.

5 Such funds as may be necessary shall be transferred by the  
 6 [commission] department from the fund to the Division of  
 7 Medical Assistance and Health Services in the Department of  
 8 Human Services for payment to disproportionate share hospitals.

9 b. The determination of whether a hospital is eligible to  
 10 receive a subsidy shall be based on the following:

$$\begin{aligned}
 & \text{Hospital Specific Other Uncompensated Care for Year} \\
 & \dots\dots\dots \\
 & \qquad \text{Hospital Specific Revenue for Year} \\
 & \qquad \qquad = \text{Hospital Specific \%} \\
 & \qquad \text{Other Uncompensated Care (\%OUC)}
 \end{aligned}$$

17 A hospital is eligible for a subsidy if, upon establishing a rank  
 18 order of the %OUC for all hospitals:

19 (1) in 1993, the hospital is among the 45% of hospitals with the  
 20 highest %OUC;

21 (2) in 1994, the hospital is among the 30% of hospitals with the  
 22 highest %OUC; and

23 (3) in 1995, the hospital is among the 15% of hospitals with the  
 24 highest %OUC.

25 c. The amount of the subsidy an eligible hospital shall receive  
 26 shall be based on the following:

$$\begin{aligned}
 & \text{Hospital Specific Other Uncompensated Care for Year} \\
 & \dots\dots\dots \\
 & \qquad \text{Total Other Uncompensated Care} \\
 & \qquad \text{for All Eligible Hospitals for Year} \\
 & \qquad \text{X Total Amount of Subsidy Allocated for the Year} \\
 & \qquad \qquad = \text{Hospital Specific Subsidy for the Year}
 \end{aligned}$$

33 In 1993, the formulas shall use 1991 Hospital Specific Other  
 34 Uncompensated Care and Total Other Uncompensated Care for  
 35 All Eligible Hospitals, and a hospital's 1992 preliminary cost base  
 36 established pursuant to section 18 of P.L.1971, c.136  
 37 (C.26:2H-18), for "Hospital Specific Revenue for Year."

38 In 1994 and through the payment for April of<sup>2</sup> 1995, the  
 39 formulas shall use 1992 Hospital Specific Other Uncompensated  
 40 Care and Total Other Uncompensated Care for All Eligible  
 41 Hospitals, and a hospital's 1993 revenue cap established pursuant  
 42 to section 3 of this act for "Hospital Specific Revenue for  
 43 Year." Payments made under these formulas for February,  
 44 March and April of 1995 shall, as of May 1, 1995, be final  
 45 payments and shall not be subject to any reconciliation or other  
 46 adjustment.

47 Beginning with the payment for May of 1995, the formulas shall  
 48 use actual 1993 Medicare revenues, as approved by the  
 49 department, in place of "Hospital Specific Other Uncompensated  
 50 Care for Year" and "Total Other Uncompensated Care for All  
 51 Eligible Hospitals for Year," and a hospital's 1993 total operating  
 52 revenue as defined by the department in accordance with  
 53 financial reporting requirements established pursuant to  
 54 N.J.A.C.8:31B-3.3, in place of "Hospital Specific Revenue for

1 Year. <sup>3</sup>[For 1995, the commissioner shall adjust the distribution  
2 of subsidies to hospitals made pursuant to this section to account  
3 for any payments made to hospitals in 1995 pursuant to this  
4 section prior to the effective date of P.L. , c. (C. )(pending  
5 before the Legislature as this bill). In no case shall the total  
6 amount of payments to any hospital exceed what the hospital  
7 would have otherwise received if the provisions of this paragraph  
8 had been in effect for the entire year.<sup>2</sup>]<sup>3</sup>

9 d. The [commission] department shall notify the Division of  
10 Medical Assistance and Health Services of the amount of Other  
11 Uncompensated Care hospital subsidy payment to be included in  
12 the disproportionate share payment to each eligible hospital.

13 (cf: P.L.1992, c.160, s.11)

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

16 12. a. The monies in the hospital and other health care  
17 initiatives [and bond assistance] account are appropriated for the  
18 [purposes specified in this subsection.

19 (1) Establishment of a hospital bond reserve fund in  
20 consultation with the Health Care Facilities Financing Authority;  
21 and

22 (2) Establishment] establishment of a program which will assist  
23 hospitals and other health care facilities in the underwriting of  
24 innovative and necessary health care services and provide funding  
25 for public or private health care programs, which may include any  
26 program funded pursuant to section 25 of P.L.1991, c.187  
27 (C.26:2H-18.47), [as determined by the commission] and for such  
28 other programs that the commissioner deems necessary or  
29 appropriate to carry out the provisions of section 5 of P.L.1992,  
30 c.160 (C.26:2H-18.55).

31 The [commission] commissioner shall develop equitable  
32 regulations regarding eligibility for and access to the financial  
33 assistance, within six months of the effective date of this act.

34 b. Such funds as may be [necessary] <sup>2</sup>[available in a given year]  
35 necessary<sup>2</sup> shall be transferred by the [commission] department  
36 from the fund to the Division of Medical Assistance and Health  
37 Services in the Department of Human Services for payment to  
38 disproportionate share hospitals.

39 c. Notwithstanding any law to the contrary, each hospital  
40 whose revenue cap [is] was established by the Hospital Rate  
41 Setting Commission in 1993 pursuant to P.L.1992, c.160  
42 (C.26:2H-18.51 et al.) shall pay .53% of its [approved revenue  
43 base for 1992, as that base was established by the Hospital Rate  
44 Setting Commission pursuant to P.L.1978, c.83,] total operating  
45 revenue to the [commission] department for deposit in the Health  
46 Care Subsidy Fund, except that the amount to be paid by a  
47 hospital in a given year shall be prorated by the department so as  
48 not to exceed the \$40 million limit set forth in this subsection.  
49 The hospital shall make monthly payments to the [commission]  
50 department beginning July 1, 1993, except that the total amount  
51 paid into the Health Care Subsidy Fund plus interest shall not  
52 exceed \$40 million per year. The [commission] commissioner  
53 shall determine the manner in which the payments shall be made.

54 For the purposes of this subsection, "total operating revenue"

1 shall be defined by the department in accordance with financial  
2 reporting requirements established pursuant to N.J.A.C.8:31B-3.3.

3 d. The monies paid by the hospitals shall be credited to the  
4 hospital and other health care initiatives [and bond assistance]  
5 account.

6 (cf: P.L.1992, c.160, s.12)

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

9 13. a. A person who makes a false statement or  
10 misrepresentation of a material fact in order to qualify for  
11 [charity care] any benefits to which he is not entitled under this  
12 act, and a hospital or an employee thereof in the course of his  
13 employment who makes a false statement or misrepresentation of  
14 a material fact in order to receive disproportionate share hospital  
15 subsidy payments to which the hospital is not entitled under this  
16 act, shall be liable to civil penalties of:

17 (1) payment of interest on the amount of the excess [charity  
18 care] benefits or subsidy payments at the maximum legal rate in  
19 effect on the date the benefits were provided to the person or  
20 payment was made to the hospital, for the period from the date  
21 upon which benefits were provided or payment was made to the  
22 date upon which repayment is made to the [commission]  
23 department; and

24 (2) payment of an amount not to exceed three times the  
25 amount of the excess [charity care] benefit or subsidy payment.

26 b. A hospital which, without intent to violate this act, obtains  
27 a subsidy payment in excess of the amount to which it is entitled,  
28 shall be liable to a civil penalty of payment of interest on the  
29 amount of the excess payment at the maximum legal rate in  
30 effect on the date the payment was made to the hospital, from  
31 the date upon which payment was made to the date upon which  
32 repayment is made to the [commission] department, except that a  
33 hospital shall not be liable to the civil penalty when an excess  
34 subsidy payment is obtained by the hospital as a result of an error  
35 made by the [commission] department, as determined by the  
36 [commission] commissioner.

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

41 d. In order to satisfy any recovery claim asserted against a  
42 hospital under this section, whether or not that claim has been  
43 the subject of final agency adjudication, the [commission]  
44 commissioner is authorized to withhold subsidy payments  
45 otherwise payable under this act to the hospital.

46 (cf: P.L.1992, c.160, s.13)

47 10. Section 15 of P.L.1992, c.160 (C.26:2H-18.65) is amended  
48 to read as follows:

49 15. There is established in the [New Jersey Essential Health  
50 Services Commission] Department of Health the Health Access  
51 New Jersey [SHIELD] program. The purpose of the program is to  
52 provide subsidies for health benefits coverage, in order to provide  
53 for health care which shall be delivered in disproportionate share  
54 hospitals and by other community-based health care providers for

1 working people and those temporarily unemployed, based on a  
2 sliding income scale with modest copayments. The program shall  
3 include the provision of early preventive and primary care to help  
4 reduce costs for families and individuals.

5 The [commission] commissioner shall contract with health  
6 insurance carriers, health maintenance organizations and other  
7 appropriate entities in the State to administer the program.

8 (cf: P.L.1992, c.160, s.15)

9 11. Section 16 of P.L.1992, c.160 (C.26:2H-18.66) is amended  
10 to read as follows:

11 16. The Health Access New Jersey [SHIELD] subsidy account  
12 shall be allocated \$50 million in [1994] 1995, \$100 million in  
13 [1995] 1996, [\$150 million in 1996] and [\$200] \$150 million in 1997  
14 and each year thereafter.

15 (cf: P.L.1992, c.160, s.16)

16 12. (New section) <sup>1</sup>[Supplemental 1994 charity care payments]  
17 The one-time additional disproportionate share payment<sup>1</sup> to  
18 hospitals pursuant to paragraph (2) of subsection c. of section 9 of  
19 P.L.1992, c.160 (C.26:2H-18.59) shall be made according to the  
20 following methodology.

21 The hospital-specific <sup>1</sup>[supplemental] additional<sup>1</sup> payment shall  
22 be equal to the difference between the hospital's recalculated  
23 1994 charity care value and the hospital's 1993 charity care  
24 amount as audited by the department and approved for  
25 reimbursement by the commission in 1994; except that, the  
26 amount a hospital may receive as <sup>1</sup>[a supplemental] an  
27 additional<sup>1</sup> payment shall be limited so as to ensure that the  
28 hospital's adjusted operating margin is not in excess of the  
29 Statewide target adjusted operating margin. Those hospitals with  
30 an adjusted operating margin equal to or greater than the  
31 Statewide target adjusted operating margin shall not be eligible  
32 to receive <sup>1</sup>[a supplemental] an additional<sup>1</sup> payment.

33 As used in this section:

34 a. The hospital-specific "1993 approved charity care" shall be  
35 equal to the hospital's 1993 charity care amount as audited by  
36 the department, plus 45.53% of the hospital's bad debt as  
37 reported on the hospital's 1993 Actual Cost Reports and valued  
38 at 1994 Medicaid reimbursement rates;

39 b. The hospital-specific "1993 revenue from private payers"  
40 shall be equal to the sum of the gross revenues, as reported to the  
41 department in the hospital's 1993 Actual Cost Reports for all  
42 non-governmental third party payers including, but not limited  
43 to, Blue Cross and Blue Shield plans, commercial insurers and  
44 health maintenance organizations;

45 c. The hospital-specific "payer mix factor" shall be equal to  
46 the hospital's 1993 approved charity care divided by its 1993  
47 revenue from private payers;

48 d. The "Statewide target payer mix factor" is the lowest payer  
49 mix factor to which all hospitals receiving charity care subsidies  
50 can be reduced by spending all available charity care subsidy  
51 funding for that year;

52 e. The hospital-specific "recalculated 1994 charity care  
53 value" shall be determined by allocating available charity care  
54 funds so as to equalize hospital-specific payer mix factors to the

1 Statewide target payer mix factor. For those hospitals with a  
2 payer mix factor greater than the Statewide target payer mix  
3 factor, the recalculated 1994 charity care value is the subsidy  
4 amount which would have been necessary to reduce their payer  
5 mix factor to that Statewide target payer mix factor; for those  
6 hospitals with a payer mix factor that is equal to or less than the  
7 Statewide target payer mix factor, their recalculated 1994  
8 charity care value equals zero;

9 f. The hospital-specific "adjusted operating margin" shall be  
10 equal to the sum of the hospital's 1993 income from operations  
11 plus the hospital's 1994 commission approved charity care  
12 subsidy plus the hospital's <sup>1</sup>[supplemental] additional<sup>1</sup> payment  
13 minus the hospital's 1993 charity care subsidy, divided by the  
14 sum of the hospital's 1993 total operating revenue plus the  
15 hospital's 1994 commission approved charity care subsidy plus  
16 the hospital's <sup>1</sup>[supplemental] additional<sup>1</sup> payment minus the  
17 hospital's 1993 charity care subsidy; and

18 g. The "Statewide target adjusted operating margin" is the  
19 highest adjusted operating margin to which hospitals can be  
20 raised within the limit of the funds available for the  
21 <sup>1</sup>[supplemental] additional<sup>1</sup> payment.

22 13. (New section) a. For the period January 1, 1995 to  
23 December 31, 1995, the charity care subsidy shall be determined  
24 according to the following methodology.

25 The hospital-specific charity care subsidy shall be determined  
26 by allocating available charity care funds so as to equalize  
27 hospital-specific payer mix factors to the Statewide target payer  
28 mix factor. Those hospitals with a payer mix factor greater than  
29 the Statewide target payer mix factor shall be eligible to receive  
30 a subsidy sufficient to reduce their factor to that Statewide  
31 level; those hospitals with a payer mix factor that is equal to or  
32 less than the Statewide target payer mix factor shall not be  
33 eligible to receive a subsidy.

34 The commissioner shall adjust the distribution of subsidies to  
35 hospitals under this methodology to account for any provisional or  
36 interim payments made to hospitals in 1995 prior to the effective  
37 date of P.L. , c. (C. )(pending before the Legislature as this  
38 bill). In no case shall the total amount of payments to any  
39 hospital exceed what the hospital would have otherwise received  
40 if this methodology had been in effect for the entire year.

41 As used in this subsection:

42 (1) The hospital-specific "1993 approved charity care" shall be  
43 equal to the hospital's 1993 charity care as audited by the  
44 department plus 28.36% of the hospital's bad debt as reported on  
45 the hospital's 1993 Actual Cost Reports and valued at 1994  
46 Medicaid reimbursement rates;

47 (2) The hospital-specific "operating margin" shall be equal to:  
48 the hospital's 1993 income from operations minus its 1993  
49 charity care subsidy divided by the hospital's 1993 total  
50 operating revenue minus its 1993 charity care subsidy. After  
51 calculating each hospital's operating margin, the department  
52 shall determine the Statewide median operating margin.

53 (3) The hospital-specific "profitability factor" shall be  
54 determined as follows. Those hospitals that are equal to or below

1 the Statewide median operating margin shall be assigned a  
2 profitability factor of "1". For those hospitals that are above the  
3 Statewide median operating margin, the profitability factor shall  
4 be equal to:

$$\begin{array}{l}
 5 \\
 6 \qquad \qquad \qquad .75 \times (\text{hospital specific operating} \\
 7 \qquad \qquad \qquad \text{margin} - \text{Statewide median operating margin}) \\
 8 \quad 1 - \text{.....} \\
 9 \qquad \qquad \qquad \text{highest hospital specific operating} \\
 10 \qquad \qquad \text{margin} - \text{Statewide median operating margin}
 \end{array}$$

11 (4) The hospital-specific "adjusted charity care" shall be equal  
12 to the hospital-specific 1993 approved charity care times the  
13 hospital-specific profitability factor;

14 (5) The hospital-specific "revenue from private payers" shall  
15 be equal to the sum of the gross revenues, as reported to the  
16 department in the hospital's 1993 Actual Cost Reports for all  
17 non-governmental third party payers including, but not limited  
18 to, Blue Cross and Blue Shield plans, commercial insurers and  
19 health maintenance organizations;

20 (6) The hospital-specific "payer mix factor" shall be equal to  
21 the hospital's adjusted charity care divided by its revenue from  
22 private payers; and

23 (7) The "Statewide target payer mix factor" is the lowest  
24 payer mix factor to which all hospitals receiving charity care  
25 subsidies can be reduced by spending all of the \$400 million in  
26 funding allocated for charity care subsidies for 1995.

27 b. <sup>4</sup>[Beginning January 1, 1996 and for each year thereafter,  
28 the charity care subsidy shall be determined according to the  
29 following methodology.

30 If the Statewide total of adjusted charity care is less than  
31 available charity care funding, a hospital's charity care subsidy  
32 shall equal its adjusted charity care.

33 If the Statewide total of adjusted charity care is greater than  
34 available charity care funding, then the hospital-specific charity  
35 care subsidy shall be determined by allocating available charity  
36 care funds so as to equalize hospital-specific payer mix factors  
37 to the Statewide target payer mix factor. Those hospitals with a  
38 payer mix factor greater than the Statewide target payer mix  
39 factor shall be eligible to receive a subsidy sufficient to reduce  
40 their factor to that Statewide level; those hospitals with a payer  
41 mix factor that is equal to or less than the Statewide target  
42 payer mix factor shall not be eligible to receive a subsidy.

43 Charity care subsidy payments shall be based upon actual  
44 documented hospital charity care costs.

45 As used in this subsection:

46 (1) The hospital-specific "documented charity care" shall be  
47 equal to the dollar amount of charity care provided by the  
48 hospital that is verified in the department's most recent charity  
49 care audit conducted under the most recent charity care  
50 eligibility rules adopted by the department and valued at the  
51 Medicaid rate in effect for the year preceding the year in which  
52 the payment is being made;

53 (2) In 1996, the hospital-specific "operating margin" shall be  
54 equal to: the hospital's 1993 and 1994 income from operations

1 minus its 1993 and 1994 charity care subsidies divided by its 1993  
2 and 1994 total operating revenue minus its 1993 and 1994 charity  
3 care subsidies.

4 In 1997 and each year thereafter, the hospital-specific  
5 "operating margin" shall be calculated in the same manner as for  
6 1996, but on the basis of income from operations, total operating  
7 revenue and charity care subsidies data from the three most  
8 current years;

9 After calculating each hospital's operating margin, the  
10 department shall determine the Statewide median operating  
11 margin;

12 (3) The hospital-specific "profitability factor" shall be  
13 determined annually as follows. Those hospitals that are equal to  
14 or below the Statewide median operating margin shall be assigned  
15 a profitability factor of "1". For those hospitals that are above  
16 the Statewide median operating margin, the profitability factor  
17 shall be equal to:

$$18 \quad \quad \quad .75 \times (\text{hospital specific operating} \\ 19 \quad \quad \quad \text{margin} - \text{Statewide median operating margin}) \\ 20 \quad 1 - \dots\dots\dots \\ 21 \quad \quad \quad \text{highest hospital specific operating} \\ 22 \quad \quad \quad \text{margin} - \text{Statewide median operating margin} \\ 23 \\ 24$$

25 (4) The hospital-specific "adjusted charity care" shall be equal  
26 to a hospital's documented charity care times its profitability  
27 factor;

28 (5) The hospital-specific "revenue from private payers" shall  
29 be equal to the sum of the gross revenues, as reported to the  
30 department in the hospital's most recently available Actual Cost  
31 Reports for all non-governmental third party payers including,  
32 but not limited to, Blue Cross and Blue Shield plans, commercial  
33 insurers and health maintenance organizations;

34 (6) The hospital-specific "payer mix factor" shall be equal to a  
35 hospital's adjusted charity care divided by its revenue from  
36 private payers; and

37 (7) The "Statewide target payer mix factor" is the lowest  
38 payer mix factor to which all hospitals receiving charity care  
39 subsidies can be reduced by spending all available charity care  
40 subsidy funding for that year.

41 c.]<sup>4</sup> For the purposes of this section and section 12 of P.L. ,  
42 c. (C. )(pending before the Legislature as this bill), "income  
43 from operations" and "total operating revenue" shall be defined  
44 by the department in accordance with financial reporting  
45 requirements established pursuant to N.J.A.C.8:31B-3.3.

46 <sup>4</sup>[d.] c.<sup>4</sup> Any charity care subsidy funds that are not  
47 distributed in a given year pursuant to this section shall lapse to  
48 the Health Care Subsidy Fund and may be transferred by the  
49 commissioner to <sup>2</sup>[other accounts] the Health Access New Jersey  
50 subsidy account<sup>2</sup> in the fund.

51 14. (New section) All acute care hospitals licensed pursuant to  
52 P.L.1971, c.136 (C.26:2H-1 et al.) shall submit to the department  
53 all demographic and financial data specified in this section, in a  
54 manner and time frame specified by the commissioner.



1 a. A hospital shall submit demographic information about the  
2 persons who qualify for charity care or to whom the hospital  
3 provides uncompensated care, which includes, at a minimum: the  
4 individual's age, sex, marital status, employment status, type of  
5 health insurance coverage, if any, and if the individual is a child  
6 under 18 years of age who does not have health insurance  
7 coverage or a married person who does not have health insurance  
8 coverage, whether the child's parent or the married person's  
9 spouse, as the case may be, has health insurance.

10 b. A hospital shall submit all financial data required by the  
11 department for the purposes of calculating the payer mix factor  
12 as defined in sections 12 and 13 of P.L. , c. (C. )(pending  
13 before the Legislature as this bill).

14 c. A hospital which fails to provide the information required  
15 pursuant to this section in a manner and time frame specified by  
16 the commissioner, shall be liable to a civil penalty not to exceed  
17 \$1,000 for each day in which the hospital is not in compliance.  
18 The commissioner shall recover the penalty in an administrative  
19 proceeding held pursuant to the "Administrative Procedure Act,"  
20 P.L.1968, c.410 (C.52:14B-1 et seq.).

21 15. (New section) Unless the commissioner has granted  
22 written approval to do otherwise, an acute care hospital licensed  
23 pursuant to P.L.1971, c.136 (C.26:2H-1 et al.) shall continue to  
24 provide, at an annual service level at least equal to that provided  
25 as of January 1, 1993, any public health services which were,  
26 prior to that date, supported by grant funds. A hospital shall also  
27 provide sufficient funds for the operation of its regional  
28 hemophilia centers, maternal and child health consortia and other  
29 regional health services, as applicable.

30 16. (New section) a. The New Jersey Essential Health  
31 Services Commission created pursuant to P.L.1992, c.160  
32 (C.26:2H-18.51 et al.) is abolished and all of its functions, powers  
33 and duties, except as herein otherwise provided, are transferred  
34 to the Department of Health on the effective date of this act.

35 b. Whenever, in any rule, regulation, order, contract,  
36 document, judicial or administrative proceeding or otherwise,  
37 reference is made to the New Jersey Essential Health Services  
38 Commission or the officers thereof, the same shall mean and  
39 refer to the Department of Health or the officers thereof.

40 c. This transfer shall be subject to the provisions of the "State  
41 Agency Transfer Act," P.L.1971, c.375 (C.52:14D-1 et seq.).

42 17. Sections 4, 6 and 17 of P.L.1992, c.160 (C.26:2H-18.54,  
43 26:2H-18.56 and 26:2H-18.67) are repealed.

44 18. This act shall take effect immediately.

45  
46  
47  
48  
49 Revises formula for distribution of charity care subsidy to  
50 hospitals and abolishes NJ Essential Health Services Commission.

1 all demographic and financial data specified in this section, in a  
2 manner and time frame specified by the commissioner.

3 a. A hospital shall submit demographic information about the  
4 persons who qualify for charity care or to whom the hospital  
5 provides uncompensated care, which includes, at a minimum: the  
6 individual's age, sex, marital status, employment status, type of  
7 health insurance coverage, if any, and if the individual is a child  
8 under 18 years of age who does not have health insurance  
9 coverage or a married person who does not have health insurance  
10 coverage, whether the child's parent or the married person's  
11 spouse, as the case may be, has health insurance.

12 b. A hospital shall submit all financial data required by the  
13 department for the purposes of calculating the payer mix factor  
14 as defined in sections 12 and 13 of P.L. , c. (C. )(pending  
15 before the Legislature as this bill).

16 c. A hospital which fails to provide the information required  
17 pursuant to this section in a manner and time frame specified by  
18 the commissioner, shall be liable to a civil penalty not to exceed  
19 \$1,000 for each day in which the hospital is not in compliance.  
20 The commissioner shall recover the penalty in an administrative  
21 proceeding held pursuant to the "Administrative Procedure Act,"  
22 P.L.1968, c.410 (C.52:14B-1 et seq.).

23 15. (New section) Unless the commissioner has granted written  
24 approval to do otherwise, an acute care hospital licensed pursuant  
25 to P.L.1971, c.136 (C.26:2H-1 et al.) shall continue to provide, at  
26 an annual service level at least equal to that provided as of  
27 January 1, 1993, any public health services which were, prior to  
28 that date, supported by grant funds. A hospital shall also provide  
29 sufficient funds for the operation of its regional hemophilia  
30 centers, maternal and child health consortia and other regional  
31 health services, as applicable.

32 16. (New section) a. The New Jersey Essential Health Services  
33 Commission created pursuant to P.L.1992, c.160 (C.26:2H-18.51  
34 et al.) is abolished and all of its functions, powers and duties,  
35 except as herein otherwise provided, are transferred to the  
36 Department of Health on the effective date of this act.

37 b. Whenever, in any rule, regulation, order, contract,  
38 document, judicial or administrative proceeding or otherwise,  
39 reference is made to the New Jersey Essential Health Services  
40 Commission or the officers thereof, the same shall mean and  
41 refer to the Department of Health or the officers thereof.

42 c. This transfer shall be subject to the provisions of the "State  
43 Agency Transfer Act," P.L.1971, c.375 (C.52:14D-1 et seq.).

44 17. Sections 4, 6 and 17 of P.L.1992, c.160 (C. 26:2H-18.54,  
45 26:2H-18.56 and 26:2H-18.67) are repealed.

46 18. This act shall take effect immediately.

47

48

49 *Sponsor's* STATEMENT

50

51 This bill amends and supplements the "Health Care Reform  
52 Act of 1992," P.L.1992, c.160, to provide for the distribution of a  
53 \$75 million supplemental charity care payment to hospitals for  
54 1994, establish a new methodology for the distribution of charity

1 care subsidies beginning in 1995, and abolish the New Jersey  
2 Essential Health Services Commission and transfer its powers and  
3 duties to the Department of Health.

4 In 1994, the New Jersey Essential Health Services Commission,  
5 in conjunction with the Department of Health announced its  
6 intention to distribute the \$75 million remaining in the 1994  
7 charity care subsidy account as a supplemental charity care  
8 payment to hospitals. The bill authorizes the department to  
9 make such a supplemental payment for 1994, and section 12 of  
10 the bill establishes the methodology for the distribution of the  
11 payment. The bill provides that the payment shall be equal to:  
12 the difference between the hospital's recalculated 1994 charity  
13 care value (as defined in the bill) and the hospital's 1993 charity  
14 care amount as audited by the Department of Health; except  
15 that, the amount a hospital may receive as a supplemental  
16 payment shall be limited so as to ensure that the hospital's  
17 adjusted operating margin (as defined in the bill) is not in excess  
18 of the Statewide target adjusted operating margin. Those  
19 hospitals with an adjusted operating margin equal to or greater  
20 than the Statewide target adjusted operating margin shall not be  
21 eligible to receive a supplemental payment.

22 Section 13 of the bill establishes two new charity care subsidy  
23 distribution methodologies, one for 1995 and one for 1996 and  
24 each year thereafter. In all years, the hospital-specific charity  
25 care subsidy shall be determined by allocating available charity  
26 care funds so as to equalize hospital-specific payer mix factors  
27 (as defined in the bill) to the Statewide target payer mix factor;  
28 except that, in 1996 and each year thereafter, if the Statewide  
29 total of adjusted charity care is less than available charity care  
30 funding, a hospital's subsidy shall equal its adjusted charity care.  
31 The Statewide target payer mix factor is the lowest payer mix  
32 factor to which all hospitals receiving charity care subsidies can  
33 be reduced by spending all of the amount allocated in each year  
34 (\$400 in 1995) for charity care subsidies. Those hospitals with a  
35 payer mix factor greater than the Statewide target payer mix  
36 factor shall be eligible to receive a subsidy sufficient to bring  
37 their factor down to that Statewide level; those hospitals with a  
38 payer mix factor that is less than or equal to the Statewide  
39 target payer mix factor shall not be eligible to receive a subsidy.

40 The methodology for 1995 uses a hospital's 1993 audited  
41 charity care amount plus 28.36% of the hospital's bad debt (as  
42 reported to the department) valued at 1994 Medicaid  
43 reimbursement rates. In 1996 and thereafter, the methodology is  
44 based on documented (actual) charity care as verified by the  
45 Department of Health's most recent charity care audit, and  
46 valued at the preceding year's Medicaid rate. The bill also  
47 changes references to a "claims processing system" for charity  
48 care subsidies, to a "claims pricing system."

49 The bill specifies that the annual amounts allowed for charity  
50 care, for example, in 1995, \$400 million and in 1996, \$350 million,  
51 are maximum limits which cannot be exceeded, notwithstanding  
52 the Commissioner of Health's authority to transfer funds  
53 between accounts in the Health Care Subsidy Fund, when  
54 necessary to carry out the purposes of P.L.1992, c.160. Any

1 unexpended charity care monies shall lapse to the Health Care  
2 Subsidy Fund.

3 The bill requires that, as a condition for receiving any subsidy,  
4 payment or other financial assistance under P.L.1992, c.160, a  
5 hospital shall provide the department with certain demographic  
6 information about persons who receive charity care, and certain  
7 financial information that is needed to calculate the charity care  
8 subsidies. Also, a hospital shall be required to continue its  
9 maintenance of effort as provided on January 1, 1993, with  
10 respect to any public health services which were formerly  
11 supported by grant funds and shall provide sufficient funds for  
12 operations of its regional hemophilia centers, maternal and child  
13 health consortia, and other regional health services, as  
14 applicable, unless the hospital receives written approval from the  
15 Commissioner of Health to reduce such efforts. A similar  
16 maintenance of effort requirement was applicable to hospitals  
17 during the 1993 transition year under the revenue cap.

18 The bill reduces the funding allocations for the Health Access  
19 New Jersey subsidized insurance program, formerly known as the  
20 New Jersey SHIELD program. The bill deletes the \$50 million  
21 allocation for 1994, as the program was not implemented in that  
22 year. Further, the allocation for 1995 is reduced to \$50 million,  
23 for 1996 it will be \$100 million, and for 1997 and each year  
24 thereafter, it will be \$150 million.

25 Consistent with funding proposals contained in the Governor's  
26 FY 1996 budget recommendation, the bill abolishes the New  
27 Jersey Essential Health Services Commission and transfers its  
28 powers and duties to the Department of Health. Accordingly, the  
29 bill repeals sections 4, 6 and 17 of P.L.1992, c.160  
30 (C.26:2H-18.54, 18.56 and 18.67) concerning the establishment of  
31 the commission. The bill also provides that the \$5 per adjusted  
32 admission hospital fee that funded the commission would be  
33 allocated to the department to carry out its duties under  
34 P.L.1992, c.160.

35 The bill deletes references to the hospital bond reserve fund  
36 which was created in combination with the hospital and other  
37 health care initiatives account in section 12 of P.L.1992, c.160  
38 (C.26:2H-18.62). This bond reserve fund was never implemented.

39 Finally, the bill updates the basis for the .53% assessment on  
40 hospitals, as the Hospital Rate Setting Commission which  
41 established the basis, was abolished effective January 1, 1994.  
42 The bill deletes references to the "approved revenue base for  
43 1992 established by the Hospital Rate Setting Commission," and  
44 provides, instead, that hospitals shall pay .53% of their "total  
45 operating revenue," which amount will be prorated by the  
46 department so that the current limit on the maximum amount  
47 collected, \$40 million, is retained in the law.

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52 Revises formula for distribution of charity care subsidy to  
53 hospitals and abolishes NJ Essential Health Services Commission.

ASSEMBLY HEALTH AND HUMAN SERVICES COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2616

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 9, 1995

The Assembly Health and Human Services Committee favorably reports Assembly Bill No. 2616 with committee amendments.

As amended by the committee, this bill amends and supplements the "Health Care Reform Act of 1992," P.L.1992, c.160 (C.26:2H-18.51 et al.), to provide for the distribution of a one-time additional \$75 million charity care payment to hospitals for 1994, establish a new methodology for the distribution of charity care subsidies beginning in 1995, and abolish the New Jersey Essential Health Services Commission and transfer its powers and duties to the Department of Health (DOH).

In 1994, the New Jersey Essential Health Services Commission, in conjunction with the DOH, announced its intention to distribute the \$75 million remaining in the 1994 charity care subsidy account as an additional charity care payment to hospitals. The bill authorizes the DOH to make such an additional payment for 1994, according to the methodology provided in section 12 of the bill. The bill provides that the payment shall be equal to: the difference between the hospital's recalculated 1994 charity care value (as defined in the bill) and the hospital's 1993 charity care amount as audited by the DOH; except that the amount a hospital may receive as an additional payment shall be limited so as to ensure that the hospital's adjusted operating margin (as defined in the bill) does not exceed the Statewide target adjusted operating margin. A hospital with an adjusted operating margin equal to or greater than the Statewide target adjusted operating margin shall not be eligible to receive an additional payment.

Section 13 of the bill establishes two new charity care subsidy distribution methodologies, one for 1995 and one for 1996 and each year thereafter. In all years, the hospital-specific charity care subsidy shall be determined by allocating available charity care funds so as to equalize hospital-specific payer mix factors (as defined in the bill) to the Statewide target payer mix factor; except that in 1996 and each year thereafter, if the Statewide total of adjusted charity care is less than available charity care funding, a hospital's charity care subsidy shall equal its adjusted charity care. The Statewide target payer mix factor is the lowest payer mix factor to which all hospitals receiving charity care subsidies can be reduced by spending all of the amount allocated in each year for charity care subsidies. A hospital with a payer mix factor greater than the Statewide target payer mix factor shall be eligible to receive a subsidy sufficient to bring its factor down to that

Statewide level; a hospital with a payer mix factor that is less than or equal to the Statewide target payer mix factor shall not be eligible to receive a subsidy.

The methodology for 1995 uses a hospital's 1993 audited charity care amount plus 28.36% of the hospital's bad debt (as reported to the DOH) valued at 1994 Medicaid reimbursement rates. In 1996 and thereafter, the methodology is based on actual documented charity care as verified by the DOH's most recent charity care audit, and valued at the preceding year's Medicaid reimbursement rate. The bill also changes references to a "claims processing system" for charity care subsidies, to a "claims pricing system."

The bill specifies that the annual amounts allowed for charity care (\$400 million in 1995, \$350 million in 1996, and \$300 million in 1997 and each year thereafter) are maximum limits which cannot be exceeded, notwithstanding the Commissioner of Health's authority to transfer funds between accounts in the Health Care Subsidy Fund, when necessary to carry out the purposes of P.L.1992, c.160. Any unexpended charity care monies shall lapse to the Health Care Subsidy Fund.

The bill requires that, as a condition for receiving any subsidy, payment or other financial assistance under P.L.1992, c.160, a hospital shall provide the DOH with certain demographic information about persons who receive charity care and certain financial information that is needed to calculate the charity care subsidies. Also, a hospital shall be required to continue its maintenance of effort as provided on January 1, 1993, with respect to any public health services which were formerly supported by grant funds and shall provide sufficient funds for operations of its regional hemophilia centers, maternal and child health consortia, and other regional health services, as applicable, unless the hospital receives written approval from the Commissioner of Health to reduce such efforts. A similar maintenance of effort requirement applied to hospitals during the 1993 transition year under the revenue cap established pursuant to section 3 of P.L.1992, c.160 (C.26:2H-18.53).

The bill reduces the funding allocations for the Health Access New Jersey subsidized insurance program, formerly known as the New Jersey SHIELD program, which was established pursuant to P.L.1992, c.160. The bill deletes the \$50 million allocation for 1994, as the program was not implemented in that year. Further, the allocation for the program is reduced to \$50 million for 1995, \$100 million for 1996, and \$150 million for 1997 and each year thereafter.

Consistent with funding proposals contained in the Governor's FY 1996 budget recommendation, the bill abolishes the New Jersey Essential Health Services Commission and transfers its powers and duties to the DOH. Accordingly, the bill repeals sections 4, 6 and 17 of P.L.1992, c.160 (C.26:2H-18.54, 18.56 and 18.67) concerning the establishment of the commission. The bill also provides that the \$5 per adjusted admission hospital fee that funded the commission would be allocated to the DOH to carry out its duties under P.L.1992, c.160.

The bill deletes references to the hospital bond reserve fund which was created in combination with the hospital and other health care initiatives account in section 12 of P.L.1992, c.160 (C.26:2H-18.62). This bond reserve fund was never implemented.

Finally, the bill updates the basis for the .53% assessment on hospitals, as the Hospital Rate Setting Commission which established the basis was abolished effective January 1, 1994. The bill deletes references to the "approved revenue base for 1992 established by the Hospital Rate Setting Commission," and provides, instead, that each hospital shall pay .53% of its "total operating revenue," which amount will be prorated by the DOH so that the current limit of \$40 million on the maximum amount collected is retained in the law.

The committee amendments clarify that the extra \$75 million charity care payment to hospitals for 1994 (in accordance with section 12 of the bill) shall be made as a one-time payment, and change all references to the 1994 "supplemental payment" to an "additional payment." Other committee amendments are technical in nature.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[SECOND REPRINT]

ASSEMBLY, No. 2616

with Senate committee amendments

STATE OF NEW JERSEY

DATED: MAY 8, 1995

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 2616 (2R) with amendments.

Assembly Bill No. 2616 (2R), as amended, changes and supplements the "Health Care Reform Act of 1992," P.L.1992, c.160, to provide for the distribution of additional charity care payments to hospitals for 1994, establish a new methodology for the distribution of charity care subsidies for 1995 and beyond, and abolish the New Jersey Essential Health Services Commission and transfer its powers and duties to the Department of Health.

In 1994, the New Jersey Essential Health Services Commission, in conjunction with the Department of Health announced its intention to distribute the \$75.5 million remaining in the 1994 charity care subsidy account as an additional charity care payment to hospitals. The bill authorizes the department to make this additional payment and section 12 of the bill establishes the method for the distribution.

Subsection a. of section 13 of the bill establishes a new charity care subsidy distribution method for 1995, and subsection b. of that section establishes the method for distribution of charity care for 1996 and each year thereafter.

The bill requires that, as a condition for receiving any subsidy, payment or other financial assistance, a hospital must provide the Department of Health with certain demographic information about persons who receive charity care, and certain financial information that is needed to calculate the charity care subsidies. Also, a hospital will be required to maintain certain public health services and provide sufficient funding for regional hemophilia centers, maternal and child health consortia, and other regional health services, as applicable, unless the hospital receives written approval from the Commissioner of Health to reduce such services.

The bill reduces the funding allocations for the Health Access New Jersey subsidized insurance program, formerly known as New Jersey SHIELD. The bill eliminates the \$50 million allocation for 1994 because the program was not implemented in that year and reduces the allocation to \$50 million for 1995, to \$100 million for 1996 and to \$150 million for 1997 and each year thereafter.

Consistent with funding proposals contained in the Governor's FY 1996 budget recommendation, the bill abolishes the New Jersey Essential Health Services Commission and transfers its powers and duties to the Department of Health. Accordingly, the bill repeals sections 4, 6 and 17 of P.L.1992, c.160 (C.26:2H-18.54, 18.56 and 18.67) concerning the establishment of the commission. The bill also provides that the \$5 per adjusted admission hospital fee that funded the commission be allocated to the department to carry out its duties under P.L.1992, c.160.



The bill deletes references to the hospital bond reserve fund that was created in combination with the hospital and other health care initiatives account in section 12 of P.L.1992, c.160 (C.26:2H-18.62). This bond reserve fund was never implemented.

The bill updates the basis for the 0.53% assessment on hospitals by deleting references to the "approved revenue base for 1992 established by the Hospital Rate Setting Commission," and providing, instead, that hospitals will pay 0.53% of their "total operating revenue." This assessment will be prorated by the department so that the current limit on the maximum amount collected, \$40 million, will be retained in the law.

Finally, the bill specifies that if there are surplus charity care subsidy funds in a given year after the distribution pursuant to section 13 of the bill, the commissioner may reallocate the funds to the Health Access New Jersey account.

As amended and reported, this bill is identical to Senate Bill No. 1896 (1R) of 1994 as amended and reported by this committee on May 8, 1995.

#### COMMITTEE AMENDMENTS

The committee amended the bill at the request of the sponsor to delete two sentences in subsection c. of section 7 of the bill because they conflict with the provision that immediately proceeds them concerning the distribution of \$33 million in other uncompensated care subsidy of the disproportionate share hospital subsidy account

#### FISCAL IMPACT

This bill:

\* Authorizes the distribution of \$75.5 million remaining in the 1994 charity care subsidy account as an additional charity care payment to 36 hospitals.

\* Provides for a new formula for the distribution of \$400 million in charity care subsidies for 1995 to 84 hospitals.

\* Sets the total amounts for charity care subsidies for 1996 at \$350 million and for 1997 and thereafter at \$300 million.

\* Sets the total allocation from the Health Care Subsidy Fund to the New Jersey Health Access program at \$50 million for 1995, \$100 million for 1996 and \$150 million for 1997 and thereafter. These amounts reflect a \$50 million reduction per year from the current levels set by law.

\* Allocates the \$5 per adjusted hospital admission fee that is currently provided to the New Jersey Essential Health Services Commission to the Department of Health for the administrative costs in implementing the 1992 health care reform act. This fee generates approximately \$7.4 million in revenues annually.

\* Changes the hospital contribution to the Health Care Subsidy Fund to 0.53% of total hospital operating revenue. This assessment has generated approximately \$33 to \$35 million in revenues annually. The bill retains the current cap for the total revenue to be generated from this assessment from all hospitals at \$40 million annually.

\* Revises the formula for the distribution of approximately two thirds of the \$33 million in other uncompensated care subsidy payments to be made for of 1995. This subsidy will not be available for years after 1995. This change revises the list of hospitals to receive this subsidy and the amounts hospitals will receive.

The primary funding source for the Health Care Subsidy Fund, revenues from employee and employer contributions to unemployment insurance, will expire at the end of 1995 and a new source of funding for the subsidies in 1996 and each year thereafter will need to be developed in order to make the distributions in accordance with the methods set forth in this bill.

20. PHYSICAL AND MENTAL HEALTH  
25. HEALTH ADMINISTRATION

OBJECTIVES

1. To execute legislative mandates and to assure the health and well-being of the citizens in New Jersey through the development of responsive public health policy and the provision of appropriate public health programs.
2. To plan, develop, and maintain financial, human resource, information processing and managerial support services which will ensure the delivery of effective and efficient public health programs.
3. To establish a subsidized health benefits program for workers and the temporarily unemployed; to allocate health care subsidy funds for hospitals and other health care initiatives; and to review and analyze issues related to health care financing.

PROGRAM CLASSIFICATIONS

16. **New Jersey Essential Health Services Commission.** The Essential Health Services Commission was established by the Health Care Reform Act of 1992 (P.L. 1992, c.160), and is organizationally placed "in but not of" the Department of Health. The Commission's duties include establishment of a subsidized health benefits program for workers and the temporarily unemployed; allocation of health care subsidy funds for hospitals and other health care initiatives; and review and analysis of other issues related to health care

financing. The Commission's operating costs are funded through a \$5.00 fee per adjusted hospital admission.

99. **Management and Administrative Services.** The Commissioner and staff (C26:1A-13 et seq.) provide Department-wide support in policy and planning development, legal services, legislative services, public information, program evaluation; the Office of Minority Health; and a full range of centralized support services to the operating divisions including:

a. **Financial and General Services.** Prepares Department budgets; ensures the meeting of financial requirements for all federal, State and private grants; maintains Department financial records in accordance with legal requirements and generally accepted accounting principles; supervises Department auditing, procurement and grant processes and provides technical financial guidance to the Department and its grantees. Warehousing, printing, facilities, and mail handling are also provided.

b. **Management and Information Services.** Develops and maintains electronic data processing services for the Department; ensures the collection, storage and retrieval of data in a uniform, centralized system; provides systems analysis, design and implementation.

c. **Human Resource Services.** Provides personnel management and development, labor relations and affirmative action services for the Department.

EVALUATION DATA

	Actual FY 1993	Actual FY 1994	Revised FY 1995	Budget Estimate FY 1996
<b>PERSONNEL DATA</b>				
<b>Affirmative Action Data</b>				
Male Minority	108	108	107	107
Male Minority %	7.0	7.0	7.0	7.0
Female Minority	309	309	314	314
Female Minority %	20.0	20.0	20.4	20.4
Total Minority	417	417	421	421
Total Minority %	27.0	27.0	27.4	27.4
<b>Position Data</b>				
<b>Filled Positions by Funding Source</b>				
State Supported	138	101	98	98
Federal	2	--	1	1
All Other	32	42	50	48
Total Positions	172	143	149	147
<b>Filled Positions by Program Class</b>				
New Jersey Essential Health Services Commission	—	—	7	7
Management and Administrative Services	172	143	142	140
Total Positions	172	143	149	147

Notes: Actual fiscal years 1993 and 1994 and Revised fiscal year 1995 position data reflect actual payroll counts. The Budget Estimate for fiscal year 1996 reflects the number of positions funded.

# HEALTH

## APPROPRIATIONS DATA (thousands of dollars)

Year Ending June 30, 1994					Year Ending June 30, 1995			
Orig. & (S) Supplemental	Reapp. & (R) Recpts.	Transfers & (E) Emergencies	Total Available	Expended	Prog. Class.	1995 Adjusted Approp.	Requested	Recommended
2,457	218	1,055	3,730	3,724				
2,457	218	1,055	3,730	3,724				
					<b>Distribution by Program</b>			
					99	1,989	1,871	1,871
					<b>Total Appropriation</b>			
						1,989 <sup>(a)</sup>	1,871	1,871
					<b>Distribution by Object</b>			
					<b>Personal Services:</b>			
1,623	204 <sup>R</sup>	1,016	2,843	2,840		1,308	1,272	1,272
1,623	204	1,016	2,843	2,840		1,308	1,272	1,272
161	—	15	176	175		141	79	79
232	—	20	252	253		212	311	311
358	—	-25	333	333		245	119	119
					<b>Special Purpose:</b>			
77	—	—	77	77	99	77	84	84
77	—	—	77	77		77	84	84
6	14	29	49	46		6	6	6

### OTHER RELATED APPROPRIATIONS

200	77	308	585	249				
200	77	308	585	249				
					<b>Federal Funds</b>			
					99	300	368	368
					<b>Total Federal Funds</b>			
						300	368	368
					<b>All Other Funds</b>			
—	6,692 <sup>R</sup>	—	6,692	434	16	3,910	6,230	6,230
—	1,861	—	—	—				
—	1,155 <sup>R</sup>	2,307	5,323	2,547	99	2,430	2,430	2,430
—	9,708	2,307	12,015	2,981		6,340	8,660	8,660
2,657	10,003	3,670	16,330	6,954		8,629	10,899	10,899

Notes: (a) The fiscal year 1995 appropriation has been adjusted for the allocation of salary program and has been reduced to reflect the transfer of funds to the salary and other benefits accounts.

37,724	5,322	1,221	44,267	41,467	<b>Total Appropriation, Department of Health</b>		34,742	33,192	33,192
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### DEPARTMENT OF HEALTH

It is recommended that funds shall be appropriated to the Department of Health from the "Health Care Subsidy Fund" established pursuant to section 8 of P.L. 1992, c.160 (C.26:2H-18-58) to continue to fund programs established pursuant to section 25 of P.L.1991, c.187 (C.26:2H-18.47) through the annual .53 percent assessment on New Jersey hospitals established pursuant to N.J.S.A. 26:2H-18.62. However, available funding shall first provide for the Expansion of Medicaid to 185 percent of poverty; the Community Care Program for the Elderly and Disabled; and the Infant Mortality Reduction Program. The remaining available funds may be used to fund programs established by section 25 of P.L. 1991, c.187 (C.26:2H-18.47), as determined by the Commissioner of Health, subject to the approval of the Director of the Division of Budget and Accounting. Any unexpended balance as of June 30, 1995 in the Health Care Subsidy Fund received through the .53 percent annual assessment hospitals made during fiscal year 1995 is hereby appropriated.

It is further recommended that receipts from licenses, permits and fees collected by the Department of Health, in excess of those anticipated, shall be appropriated, subject to the approval of the Director of the Division of Budget and Accounting.

It is further recommended that notwithstanding the provisions of any other law to the contrary, amounts in the "Health Care Subsidy Fund," established pursuant to section 8 of P.L. 1992, c.160 (C.26:2H-18.58) may be transferred to the Unemployment Compensation Fund established pursuant to R.S. 43:21-9, as determined by the Director of the Division of Budget and Accounting.

It is further recommended that notwithstanding the provisions of section 7 of P.L. 1992, c.160 (C.26:2H-18.57) to the contrary, the first \$1,200,000 in per adjusted admission charge assessment revenues, attributable to \$5.00 per adjusted admission charge assessments made by the Department of Health on behalf of the New Jersey Essential Health Services Commission shall be anticipated as revenue in the General Fund available for health related purposes. Furthermore, it is recommended that the remaining revenue attributable to this fee shall be available to carry out the provisions of P.L. 1992, c.160 as determined by the Commissioner of Health and subject to the approval of the Director of the Division of Budget and Accounting.

It is further recommended that the unexpended balance in the Essential Health Services Commission account, in excess of \$4,200,000, be appropriated.