

26:2H-12.52

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2008 **CHAPTER:** 60

NJSA: 26:2H-12.52 (Prohibits hospitals from charging certain uninsured persons more than 15% greater than applicable Medicare rate)

BILL NO: A2609 (Substituted for S1797)

SPONSOR(S) Conaway and others

DATE INTRODUCED: May 5, 2008

COMMITTEE: **ASSEMBLY:** Health and Senior Services
SENATE: ---

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** May 19, 2008
SENATE: May 22, 2008

DATE OF APPROVAL: August 8, 2008

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (Original version of bill enacted)

A2609

SPONSOR'S STATEMENT:	(Begins on page 2 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

S1797

SPONSOR'S STATEMENT:	(Begins on page 2 of original bill)	Yes
COMMITTEE STATEMENT:	ASSEMBLY:	No
	SENATE:	Yes

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

(continued)

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

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REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: Yes

"Law curbs fees to uninsured," Herald News, 8-9-08, p.A8

"Hospital 'sticker price' billing is history, The Record, 8-9-08, p.L08.

"Corzine signs bills to improve hospitals," Asbury Park Press, 8-9-08, p.A3

"N.J. enacts bills on hospital accountability, The Philadelphia Inquirer, 8-9-08. p.B2

"Early warning system for ailing hospitals become law," The Star Ledger, 8-9-08, p.7.

"Gov. inks Ramos' hospital reform," The Jersey Journal, 8-9-08, p.A6.

LAW

P.L. 2008, CHAPTER 60, *approved August 8, 2008*
Assembly, No. 2609

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. A hospital licensed by the Department of Health and Senior
8 Services pursuant to P.L.1971, c.136 (C.26:2H-1 et seq.) shall
9 charge a patient who is an uninsured resident of this State, and
10 whose family gross income is less than 500% of the federal poverty
11 level, an amount no greater than 115% of the applicable payment
12 rate under the federal Medicare program, established pursuant to
13 Pub.L.89-97 (42 U.S.C.s.1395 et seq.), for the health care services
14 rendered to the patient. The amount shall be in accordance with the
15 sliding scale based on income developed by the department
16 pursuant to this act.

17
18 2. The Department of Health and Senior Services shall
19 establish a sliding scale based on income which stipulates the
20 percentage of a hospital charge that an uninsured resident of this
21 State whose family gross income is less than 500% of the federal
22 poverty level is required to pay for health care services rendered at
23 a hospital.

24
25 3. This act shall take effect on the 180th day after enactment.

26
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28 STATEMENT

29

30 The provisions of this bill will ensure that uninsured patients are
31 charged reasonable rates for inpatient and outpatient health care
32 services rendered at hospitals in this State. Too often, hospitals
33 engage in cost shifting, charging uninsured patients amounts far
34 greater than the facilities receive as reimbursement from health
35 insurers and other third party payers, so as to make up any losses
36 incurred by lower third party payer reimbursement rates. As a
37 result, uninsured patients, who often are the least able to pay for
38 health care services, are charged excessive rates for necessary
39 health care services.

40 To provide for a more equitable schedule of charges for
41 uninsured patients, this bill provides that a hospital shall charge a

1 patient who is an uninsured resident of this State, and whose family
2 gross income is less than 500% of the federal poverty level, an
3 amount no greater than 15% more than the applicable payment rate
4 under the federal Medicare program for the health care services
5 rendered to the patient. The amount shall be in accordance with the
6 sliding scale based on income developed by the Department of
7 Health and Senior Services (DHSS) pursuant to this bill.

8 The bill also directs DHSS to establish a sliding scale based on
9 income which stipulates the percentage of a hospital charge that an
10 uninsured State resident whose family gross income is less than
11 500% of the federal poverty level is required to pay for health care
12 services rendered at a hospital.

13 The provisions of this bill are based on recommendations from
14 the 2008 final report of the New Jersey Commission on
15 Rationalizing Health Care Resources.

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19

20 Prohibits hospitals from charging certain uninsured persons more
21 than 15% greater than applicable Medicare rate.

ASSEMBLY, No. 2609

STATE OF NEW JERSEY 213th LEGISLATURE

INTRODUCED MAY 5, 2008

Sponsored by:

Assemblyman HERB CONAWAY, JR.

District 7 (Burlington and Camden)

Assemblyman PAUL D. MORIARTY

District 4 (Camden and Gloucester)

Co-Sponsored by:

**Assemblywoman Angelini, Assemblymen Schaer, Chivukula, Senators
Weinberg, Baroni and Vitale**

SYNOPSIS

Prohibits hospitals from charging certain uninsured persons more than 15% greater than applicable Medicare rate.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 5/23/2008)

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
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11 level, an amount no greater than 115% of the applicable payment
12 rate under the federal Medicare program, established pursuant to
13 Pub.L.89-97 (42 U.S.C.s.1395 et seq.), for the health care services
14 rendered to the patient. The amount shall be in accordance with the
15 sliding scale based on income developed by the department
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19 establish a sliding scale based on income which stipulates the
20 percentage of a hospital charge that an uninsured resident of this
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30 The provisions of this bill will ensure that uninsured patients are
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32 services rendered at hospitals in this State. Too often, hospitals
33 engage in cost shifting, charging uninsured patients amounts far
34 greater than the facilities receive as reimbursement from health
35 insurers and other third party payers, so as to make up any losses
36 incurred by lower third party payer reimbursement rates. As a
37 result, uninsured patients, who often are the least able to pay for
38 health care services, are charged excessive rates for necessary
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41 To provide for a more equitable schedule of charges for
42 uninsured patients, this bill provides that a hospital shall charge a
43 patient who is an uninsured resident of this State, and whose family
44 gross income is less than 500% of the federal poverty level, an
45 amount no greater than 15% more than the applicable payment rate
46 under the federal Medicare program for the health care services
47 rendered to the patient. The amount shall be in accordance with the
48 sliding scale based on income developed by the Department of
49 Health and Senior Services (DHSS) pursuant to this bill.

A2609 CONAWAY, MORIARTY

3

1 The bill also directs DHSS to establish a sliding scale based on
2 income which stipulates the percentage of a hospital charge that an
3 uninsured State resident whose family gross income is less than
4 500% of the federal poverty level is required to pay for health care
5 services rendered at a hospital.

6 The provisions of this bill are based on recommendations from
7 the 2008 final report of the New Jersey Commission on
8 Rationalizing Health Care Resources.

ASSEMBLY HEALTH AND SENIOR SERVICES COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2609

STATE OF NEW JERSEY

DATED: MAY 5, 2008

The Assembly Health and Senior Services Committee reports favorably Assembly Bill No. 2609.

The purpose of this bill is to ensure that uninsured patients are charged reasonable rates for inpatient and outpatient health care services provided at hospitals in this State.

The bill prohibits a hospital from charging a patient who is an uninsured resident of New Jersey, and whose family gross income is less than 500% of the federal poverty level, an amount no greater than 15% above the applicable payment rate under the federal Medicare program for the health care services rendered to the patient. The amount charged to the patient is to be in accordance with a sliding scale based on income, which the Department of Health and Senior Services is to develop pursuant to this bill.

For 2008, a family gross income of 500% of the federal poverty level would be: \$52,000 for a single person; \$70,000 for a married couple without dependent children; and \$106,000 for a family of four.

The provisions of this bill are based on recommendations from the *New Jersey Commission on Rationalizing Health Care Resources Final Report, 2008*.

MINORITY STATEMENT

Submitted by Assemblyman Polistina

The sponsor of this bill should be commended for his efforts to ensure that uninsured patients are charged reasonable rates for health care services.

This bill prohibits a hospital from charging uninsured residents, whose family gross income is less than 500% of the federal poverty level, an amount no greater than 15% above the applicable Medicare payment rate.

At this time, because the Commissioner of Health and Senior Services and the sponsor are not able to adequately explain how the income threshold contained in the bill was derived, I am compelled to withhold support for this legislation.

SENATE, No. 1797

STATE OF NEW JERSEY 213th LEGISLATURE

INTRODUCED MAY 5, 2008

Sponsored by:

Senator LORETTA WEINBERG

District 37 (Bergen)

Senator BILL BARONI

District 14 (Mercer and Middlesex)

Co-Sponsored by:

Senator Vitale

SYNOPSIS

Prohibits hospitals from charging certain uninsured persons more than 15% greater than applicable Medicare rate.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 5/9/2008)

S1797 WEINBERG, BARONI

2

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S1797 WEINBERG, BARONI

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2 income which stipulates the percentage of a hospital charge that an
3 uninsured State resident whose family gross income is less than
4 500% of the federal poverty level is required to pay for health care
5 services rendered at a hospital.

6 The provisions of this bill are based on recommendations from
7 the 2008 final report of the New Jersey Commission on
8 Rationalizing Health Care Resources.

SENATE HEALTH, HUMAN SERVICES AND SENIOR
CITIZENS COMMITTEE

STATEMENT TO

SENATE, No. 1797

STATE OF NEW JERSEY

DATED: MAY 15, 2008

The Senate Health, Human Services and Senior Citizens Committee reports favorably Senate Bill No. 1797.

The provisions of this bill will ensure that uninsured patients are charged reasonable rates for inpatient and outpatient health care services rendered at hospitals in this State. Too often, hospitals engage in cost shifting, charging uninsured patients amounts far greater than the facilities receive as reimbursement from health insurers and other third party payers, so as to make up any losses incurred by lower third party payer reimbursement rates. As a result, uninsured patients, who often are the least able to pay for health care services, are charged excessive rates for necessary health care services.

To provide for a more equitable schedule of charges for uninsured patients, this bill provides that a hospital shall charge a patient who is an uninsured resident of this State, and whose family gross income is less than 500% of the federal poverty level, an amount no greater than 15% more than the applicable payment rate under the federal Medicare program for the health care services rendered to the patient. The amount shall be in accordance with the sliding scale based on income developed by the Department of Health and Senior Services (DHSS) pursuant to this bill. A person who has any other third party coverage, including personal injury protection coverage issued pursuant to P.L.1972, c.70 (39:6A-1 et seq.), would not be considered "uninsured."

The bill also directs DHSS to establish a sliding scale based on income which stipulates the percentage of a hospital charge that an uninsured State resident whose family gross income is less than 500% of the federal poverty level is required to pay for health care services rendered at a hospital.

The provisions of this bill are based on recommendations from the 2008 final report of the New Jersey Commission on Rationalizing Health Care Resources.

This bill is identical to Assembly Bill No. 2609 (Conaway), which is pending before the General Assembly.



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Governor

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For Immediate Release:

For Kids [e: August 8, 2008](#)

For More Information:

Sean Darcy
Jim Gardner

Phone: 609-777-2600

Governor Corzine Signs Hospital Reform Legislation

Hamilton – Governor Jon S. Corzine today signed a package of four bills that will improve access to health care, protect the uninsured and strengthen the accountability and transparency of the health care delivery system in the Garden State. The legislation was signed at Robert Wood Johnson University Hospital Hamilton.

“The series of hospital reform bills I am signing reflects a re-prioritization of New Jersey’s health care system,” said Governor Corzine. “These measures, combined with the stabilization fund we formally enacted in June, ensure that there is increased transparency, better financial management and long-term planning in place for all New Jersey hospitals.”

The legislation addresses several key recommendations made by the Commission on Rationalizing Health Care Resources, a panel appointed by the governor to review the state's hospitals and other health care services.

"With the signing of this bill package, New Jersey takes an important step forward in improving access to health care, protecting the uninsured and strengthening the fiscal monitoring and transparency of hospital operations," said Health and Senior Services Commissioner Heather Howard. "These key legislative reforms will strengthen New Jersey's health care system."

A2609/ S1797 will ensure that working poor families without health insurance are not overcharged for needed hospital care. Because the uninsured often pay the highest prices for services, this bill eliminates that unfair practice by requiring hospitals to charge no more than 15 percent above the Medicare rate. Uninsured families qualify for this rate if their income is less than 500 percent of the federal poverty level.

"When avoidable financial hardships force hospitals to shut their doors, New Jerseyans in need are forced to travel longer distances to receive immediate medical care," said Assemblyman Herb Conaway, Jr. (D-Burlington). "We cannot allow fiscal issues to cause another hospital to close its doors and further jeopardize the quality and availability of health care in New Jersey."

Primary sponsors of the bill were Assemblymen Herb Conaway, Jr., (D-Burlington) and Paul D. Moriarity (Camden, Gloucester). In the Senate, primary sponsors were Senators Loretta Weinberg (D-Bergen) and Bill Baroni (R-Mercer, Middlesex).

Another bill, S1796/A2608 creates an Early Warning System that will provide the Department of Health and Senior Services with the authority and the information needed to adequately monitor hospital finances, identify distressed hospitals early, and institute a system of progressive monitoring.

"New Jersey has faced an epidemic of hospital closures in recent years," said Senator Bob Gordon (D-Bergen), the prime sponsor of S-1796. "Through this legislation, the Department of Health will have an early warning when a hospital becomes fiscally unstable, and will be able to take the appropriate action to ensure that the health care needs of the community are met. Hopefully, we will be able to intervene before fiscal instability gives way to fiscal insolvency, and yet another health care facility in the Garden State has to close its doors forever."

"Closer scrutiny of how health care dollars are spent at hospitals in dire financial straits can help turn around poor

management and prevent a hospital from shutting its doors for good," said Assemblyman Ralph R. Caputo (D-Essex).

"Audits and monitoring by state officials will bring accountability and transparency to New Jersey's healthcare industry," said Assembly Majority Leader Bonnie Watson Coleman (D-Mercer). "The state has a responsibility to step in and hold hospitals accountable for how health care dollars are spent and managed."

Primary sponsors of the legislation were Senators Robert M. Gordon (D-Bergen) and Thomas H. Kean, Jr., (R-Essex, Morris, Somerset, Union). In the Assembly, primary sponsors included Assemblymen Herb Conaway, Jr. (D-Burlington), Ralph R. Caputo (D-Essex), Gary S. Schaer (D-Bergen, Essex, Passaic), Albert Coutinho (D-Essex, Union) Anthony Chiappone (D-Hudson), Assemblywoman Grace L. Spencer (D-Essex, Union) and Assembly Majority Leader Bonnie Watson Coleman (D-Mercer).

Through A2607 / S1794, each general hospital and State psychiatric hospital is required to annually conduct a public meeting for the community it serves. The goal is to improve communication between a hospital and the community it serves.

"Our local hospitals serve as safe havens for the residents who live nearby, and they play a vital role in the communities they serve," said Senator Dana Redd (D-Camden, Gloucester), who is a prime sponsor of S-1794.

"Hospitals can only continue to provide this necessary care if they are in tune with the needs of residents, so it is imperative that the lines of communication are open between hospital administration and the public."

It is imperative that New Jersey communities are part of the decision-making process regarding the delivery of health care services to ensure that hospitals are providing quality care to the communities that rely on its services the most," said Assemblyman Jerry Green (D-Union).

Primary sponsors of the bill were Assemblymen Jerry Green (D-Middlesx, Somerset, Union), Herb Conaway, Jr. (D-Burlington), Albert Coutinho (D-Essex, Union), Anthony Chiappone (D-Hudson) and Assemblywoman Grace L. Spencer (D-Essex, Union). In the Senate, primary sponsors were Senators Dana L. Redd (D-Camden) and Diane B. Allen (R-Burlington, Camden).

Finally, S1795/A2606 requires that all general hospital trustees complete comprehensive training to ensure effective financial oversight and to hold hospital management accountable. As a result, New Jersey is now the first

State to require hospital trustee training for all board members.

"This law was based on recommendations from the Commission on Rationalizing Health Care Resources, which was established to examine regulatory, financing and market mechanisms that affect the long-term stability of the State's health care delivery system," said Senator Jim Whelan (D-Atlantic). "It is vital that all hospital board members are aware of every aspect of their facilities, and in order to do so, they must complete this training program which will help clarify the roles and duties of a hospital trustee."

"Hospital trustee members should be properly trained to fulfill their duties," said Senator Ronald L. Rice (D-Essex). "Trustees must ensure that hospitals are operating efficiently and are financially responsible. Sufficient education and training are vital to ensuring that hospitals are staffed with the most qualified individuals in order to prevent mismanagement of resources."

"Hospital trustees must be trained in their role and responsibilities to ensure that a hospital is operating efficiently and managing its finances responsibly," said Assemblywoman Connie Wagner (D-Bergen). "Appropriate education and training are key to ensuring that hospital boards are staffed with the most capable and knowledgeable individuals to prevent mismanagement of precious hospital resources."

Primary sponsors of the legislation were Senators Jim Whelan (D-Atlantic) and Ronald L. Rice (D-Essex). In the Assembly, primary sponsors were Assemblywomen Connie Wagner (D-Bergen) and Linda R. Greenstein (Mercer, Middlesex) and Assemblymen Herb Conaway, Jr. (D-Burlington), Anthony Chiappone (D-Hudson) and Ruben J. Ramos, Jr. (D-Hudson).

Governor Corzine recently signed legislation establishing the Health Care Stabilization Fund with an appropriation of \$44 million to address the financial stability of the state's hospitals. The Health Care Stabilization Fund will provide critical support and a mechanism for working with hospitals and other financially distressed facilities that face closure or significant service reductions.

###

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Office of the Governor

PO Box 001

Trenton, NJ 08625

609-292-6000