

R.S. 44:5-11

July 1, 1979

LEGISLATIVE NOTES ON R.S. 44:5-11
(County assistance - Medical care of poor)

1. 1969, Chapter 188 - A20
Pre-filed by Ewing & Black.
No statement.
Not amended during passage.
Governor's statement on signing the bill is enclosed.

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N.S.--N.J.--Hospitals.

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STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1969 SESSION

By Assemblyman EWING

AN ACT concerning county assistance for hospitalization and medical care of the poor, and amending sections 44:5-11, 44:5-12, 44:5-16, 44:5-17, 44:5-18 and 44:5-19 of the Revised Statutes.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. Section 44:5-11 of the Revised Statutes is amended to read
2 as follows:

3 44:5-11. The board of chosen freeholders of a county which has
4 no hospital located therein maintained by the county other than
5 the hospital or sick ward of the county poor home, a county tubercu-
6 losis hospital or sanatorium, a county hospital or sanatorium for
7 the insane, or a hospital for contagious and infectious diseases,
8 may make an appropriation of not more than **[\$600,000.00]**
9 *\$800,000.00* in each year in the manner in which appropriations for
10 other county purposes are made, except that in counties having a
11 population of more than 300,000, according to the latest census,
12 the board of chosen freeholders may make such an annual appro-
13 priation of not more than **[\$1,000,000.00]** *\$1,500,000.00*, which sum
14 so appropriated shall be included in the annual tax levy of the
15 county, and collected in the same manner and at the same time as
16 other county taxes, and shall be applied to the purpose of support-
17 ing and maintaining such patients as may be sent to any hospital
18 or hospitals **[supported by private charity and located in the county**
19 **or in an adjoining county]** *operated by a nonprofit corporation.*
20 The sum so appropriated shall be used and applied for the
21 benefit, comfort and maintenance of such patients, inmates of that
22 hospital, as are residents of the county at the time of being sent
23 to that hospital.

1 2. Section 44:5-12 of the Revised Statutes is amended to read
2 as follows:

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

3 44:5-12. Money appropriated by a board of chosen freeholders
 4 and distributed and paid to any hospital by virtue of section 44:5-11
 5 of this Title, shall, if there is more than one such hospital [in the
 6 county], be distributed among and paid to them upon the basis
 7 of the free ward day's treatment furnished by each of them for
 8 the benefit, comfort and maintenance of such patients, inmates
 9 therein, as are residents of the county at the time of being sent to
 10 that hospital, and not otherwise.

11 "Free ward day's treatment," as used in this section, means not
 12 less than 24 hours' medical and nursing attention of a hospital
 13 patient who occupies a listed hospital bed in the public ward for
 14 at least 24 hours continuously and for which nothing is paid. Free
 15 ward day's treatment shall not include treatment given to a person
 16 who would not commonly be admitted to or maintained in the public
 17 or contagious wards of general hospitals.

1 3. Section 44:5-16 of the Revised Statutes is amended to read
 2 as follows:

3 44:5-16. A. Any county having a population less than 800,000
 4 may make annual appropriations not exceeding in the aggregate
 5 [1/12] 1/10 of 1% of the total assessed valuations of real and
 6 personal property of the county, or a sum of money not in excess
 7 of the amount which might be raised at that rate, in the manner
 8 in which other appropriations for county purposes are made, for
 9 the maintenance of a charitable hospital or hospitals [located in
 10 the county,] the facilities of which are used by the poor or indigent
 11 residents of the county, to an amount not exceeding the estimated
 12 annual deficit in operating expenses of the hospital, which sum, so
 13 appropriated, shall be included in the annual tax levy of the county
 14 and collected in the same manner and at the same time as other
 15 county taxes.

16 The amount so appropriated when paid over to a charitable
 17 hospital shall be used towards the current maintenance and expense
 18 of operation thereof. The appropriation may be made for a spe-
 19 cifically named hospital or it may be made generally and in such
 20 case, the board of freeholders may, by resolution, apportion the
 21 amount so appropriated to any such hospital in the manner which
 22 in their judgment may be deemed for the best interest of the county,
 23 but in no case shall a hospital receive more than the amount of its
 24 actual deficit in operating expenses.

25 The officials and auditors of the county shall have access at all
 26 reasonable times to the books and records of a hospital which shall
 27 receive the appropriation or part thereof, for the purpose of ascer-
 28 taining the deficit in operating expenses and the application of the

29 moneys so appropriated or apportioned and the financial needs
30 or requirements of the hospital.

31 B. Any county having a population less than 800,000 may make
32 annual appropriations, for the medical care, treatment and main-
33 tenance of the poor and indigent residents of the county in any
34 charitable hospital or hospitals in a sum not exceeding in the aggre-
35 gate for all such hospitals, ~~1/12~~ 1/10 of 1% of the total assessed
36 valuations of real and personal property of the county, or a sum
37 of money not in excess of the amount which might be raised at
38 that rate in the manner in which other appropriations for the
39 county are made, regardless of whether the hospital or hospitals
40 to which such moneys are paid, shall have an annual deficit in
41 operating expenses of such hospital, which appropriation shall be
42 included in the annual tax levy of the county and collected in the
43 same manner and at the same time as other county taxes.

44 No such hospital shall receive any payment pursuant to this sub-
45 section at a rate in excess of the average cost per patient in any
46 county hospital operated by the county making the payment and
47 provided further that no person shall be considered poor and
48 indigent for the purpose of this subsection unless such status is
49 established to the satisfaction of the board of chosen freeholders
50 of such county.

51 C. Subsections A and B of this act are mutually exclusive and no
52 hospital shall receive payment under both subsections.

1 4. Section 44:5-17 of the Revised Statutes is amended to read
2 as follows:

3 44:5-17. The board of chosen freeholders of a county having a
4 population of 800,000 or more may make provision for the support
5 of resident indigent patients, who cannot be maintained by private
6 means, in a hospital or hospitals ~~located in the county and~~ having
7 50 or more beds of which 20 or more are open to the public at all
8 times.

9 Provision for the maintenance and treatment of an individual
10 patient in the hospital shall be made by the county upon the cer-
11 tification by the county physician of the name of the person and
12 upon the approval of the board of chosen freeholders; but the
13 certification shall not be approved unless there is attached thereto
14 a verified bill to the board for that maintenance and treatment,
15 signed by the head officer and chief physician of the hospital and
16 stating that the patient was in need of such maintenance and medi-
17 cal treatment for the time charged for and no longer. The amount
18 to be paid shall not exceed the sum charged in the hospital in which

19 the resident indigent is placed for patients occupying beds in wards
20 open to the public.

1 5. Section 44:5-18 of the Revised Statutes is amended to read
2 as follows:

3 44:5-18. The board of chosen freeholders of a county having a
4 population of 800,000 or more may make for the purposes of section
5 44:5-17 of this Title an annual appropriation of not more than
6 ~~[\$5,000.00]~~ \$10,000.00 for each hospital, to pay for the support and
7 maintenance of such persons therein, which sum shall be included
8 in the annual tax levy and collected in the same manner and at the
9 same time as the other county taxes; but that sum or so much
10 thereof as may be unexpended at the end of the fiscal year in the
11 county shall become a part of the sum authorized to be appropriated
12 for the next fiscal year and be deducted from the amount author-
13 ized by said section 44:5-17 to be appropriated and collected for
14 the succeeding year.

1 6. Section 44:5-19 of the Revised Statutes is amended to read
2 as follows:

3 44:5-19. The board of chosen freeholders of a county of the
4 fourth or sixth class, which has no hospital located therein main-
5 tained by the county, other than the hospital or sick ward of the
6 county almshouse, a county tuberculosis hospital or sanatorium, a
7 county hospital or sanatorium for the insane, or a hospital for
8 contagious and infectious diseases, may appropriate not more than
9 ~~[\$10,000.00]~~ \$15,000.00 annually, to any one hospital, in the manner
10 in which appropriations for other county purposes are made, which
11 sum shall be included in the annual tax levy of the county and
12 collected in the same manner and at the same time as other county
13 taxes, and be applied to the purpose of supporting and maintain-
14 ing such patients as may be sent to any hospital or hospitals
15 whether privately owned and maintained or supported by private
16 charity[, and located in the county or in adjoining counties].

17 The sum so appropriated shall be used and applied for the
18 benefit, comfort and maintenance of such patients, inmates of such
19 hospital, *as are residents of the county at the time of being sent to*
20 *that hospital.*

1 7. This act shall take effect immediately.

Governor Richard J. Hughes announced he has signed into law the following bills:

Senate Bill No. 247 -- which allows correction officers in the Department of Institutions and Agencies to take civil service examinations notwithstanding that they are presently disqualified by age.

Senate Bill No. 409 -- which provides that a municipal physician in any township with a population in excess of 24,000 shall serve for a term of 4 years.

Assembly Bill No. 20 -- which increases the amount of aid which a county may provide to hospitals for the care of indigent patients. The bill provides that in counties having no county hospital and a population of under 300,000, the county may appropriate up to \$800,000 to subsidize the hospital care of the indigent to be paid directly to the hospitals involved. The maximum is now \$600,000. In the case of such counties with populations over 300,000 persons, counties may appropriate \$1,500,000 rather than the present maximum of \$1 million.

The bill also increases the amount counties with populations under 800,000, whether the county has a county hospital or not, may appropriate to subsidize hospitals offering free hospital care for the indigent from a maximum of 1/12 of 1% to 1/10 of 1% of the assessed valuation of real and personal property. This rate has not been increased since 1939, and hospital costs have risen considerably since then.

In the case of counties with populations in excess of 800,000, whether that county has a county hospital or not, the Board of Freeholders may provide for medical care for the indigent in hospitals by contracts not exceeding \$10,000 per hospital (compared to the present maximum of \$5,000 per hospital). These payments are made on a case-by-case basis and are for services received, not in general support of charitable hospitals, as are the payments under RS 44:5-11 to 13 and RS 44:5-16.

Finally, in the case of counties of the fourth or sixth class with no county hospital, the county may provide support for any private hospital for the care of indigent patients in an amount not to exceed \$15,000 annually per hospital, rather than the present \$10,000.

In addition, the bill also broadens the category of eligible hospitals; previously, in the case of counties with no hospitals (NJSA 44:5-11), such aid could only be given to charitable hospitals located in the same or an adjoining county. Assembly Bill No. 20 makes it possible for such aid to be given to any non-profit hospital, not solely those supported by charity, wherever it is located. This latter change will increase the range of treatment and facilities available under this program.

Governor Hughes stated: "I am pleased to sign this bill, which increases the amount of funds which are available to provide medical services to the poor. I am troubled, however, that it perpetuates a system of subsidies for the medical care of the poor which traces its origins to a law enacted in 1886. With the enactment of the Medicaid Program last year (P.L. 1968, c. 413), the State of New Jersey will be providing sizable subsidies for the health care of the poor. The old forms of subsidy, however, remain. Counties may, as this bill indicates, subsidize charitable hospitals. They may also provide payments for services rendered on a case-by-case basis, although the responsibility for the medical care of those not falling within the 'categorical welfare' programs remains with the municipalities, East Orange v. McCorkle, 99 N.J. Super. 36 (App. Div. 1968). Municipalities, in turn, can also subsidize charitable hospitals and pay for services received on a case-by-case basis.

"Other indirect subsidies are provided by tax-exemption of non-profit hospitals, the donation of land by municipalities to hospitals, and county appropriations for the expansion and construction of charitable hospitals through the issuance of county bonds. The presence of this complex labyrinth of subsidies needs to be re-evaluated in terms of its effective-

ness in providing the best health care for the poor at the lowest cost to the public.

"This bill calls attention once more to the need for a central State agency to review health administration, as I urged in my Special Message on Health to the Legislature in April of this year. Until we have some intelligent basis for making comparisons of costs and benefits, we cannot be sure that all of the subsidies are not being wasted. A comprehensive review is needed, and I urge the Legislature to act on this matter as soon as it returns.

"Certainly the subject matter of these amendments points out what a hotchpotch of confusing subsidy plans exists in this State. Why only counties with populations over 800,000 may appropriate monies for the health care of the poor under RS 44:5-17 is an unresolved mystery. The practical meaning of the present limitations on such appropriations is that municipalities in counties with populations under 800,000 must bear the complete cost of health services themselves, with no county aid.

"In addition, what logic is there, for instance, in requiring that a subsidy in counties with populations under 800,000 be limited to \$10,000 per hospital, while in the counties of the fourth and sixth classes (i.e., Sussex and Cape May), appropriations may reach up to \$15,000 per hospital. I don't believe that hospital costs are any lower in Passaic and Hudson than they are in Sussex and Cape May. Moreover, it is clear that the need is greatest in the two older counties, since that is where most of the poor reside. These absurdities should be eliminated as promptly as possible."