

## CHAPTER 33

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

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

C.26:2H-18.74 Short title.

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

C.26:2H-18.75 Findings, declarations relative to health care facilities.

2. The Legislature finds and declares that:

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

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

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

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

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

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

C.26:2H-18.76 Health Care Stabilization Fund.

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

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

C.26:2H-18.77 Awarding of grant to health care facility; factors considered.

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

- a. Extraordinary circumstances threaten access to essential health services for residents in a community;
- b. Persons in a community will be without ready access to essential health care services in the absence of the award of a grant from the fund;
- c. Funding is unavailable from other sources to preserve or provide essential health care services;
- d. A grant from the fund is likely to stabilize access to the essential health care services;
- e. There is a reasonable likelihood that the essential health care services will be sustainable upon the termination of the grant;
- f. The proposed recipient of the grant agrees to conditions established by the commissioner for receipt of a grant; and
- g. The hospital or other licensed health care facility serves a significant number of uninsured and underinsured persons.

C.26:2H-18.78 Conditions for receipt of grant; rules, regulations; annual report.

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

The facility shall agree to: the provision of essential health care services to the community as determined by the commissioner; facilitating the enrollment of individuals in appropriate government insurance programs; and providing the Department of Health and Senior Services with such quality of care, utilization, and financial information as determined by the commissioner to be reasonable and necessary. In the case of a facility whose financial condition created or contributed to the extraordinary circumstances necessitating the award of the grant, the facility shall agree to such corrective steps to its governance, management, and business operations as the commissioner deems reasonable and appropriate in light of the facility's circumstances and the health care needs of the community.

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

- (1) whether a grantee's use of the funds was consistent with the provisions of this act, the commissioner's regulations, and any conditions imposed upon the award of the grant; and
- (2) whether a grantee's use of the funds furthered the purposes of this act.

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

Notwithstanding any provision of P.L.1968, c.410 (C.52:14B-1 et seq.) to the contrary, the commissioner may adopt immediately upon filing with the Office of Administrative Law such regulations as the commissioner deems necessary to implement the provisions of this act, which shall be effective for a period not to exceed 270 days following enactment of this

act and may thereafter be amended, adopted, or readopted by the department in accordance with the requirements of P.L.1968, c.410.

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

The report shall identify the health care facilities that received grants during the reporting period, the purpose for which the grant was allocated to the facility, and the extent to which the awarding of the grant furthered the purposes of this act. The report shall include a copy of any audits conducted pursuant to subsection b. of this section.

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

Approved June 30, 2008.