

CHAPTER 23

AN ACT concerning funding for charity care subsidies and amending P.L.1992, c.160.

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

1. Section 7 of P.L.1992, c.160 (C.26:2H-18.57) is amended to read as follows:

C.26:2H-18.57 Assessment of per adjusted admission charge.

7. a. Effective January 1, 1994, the Department of Health and Senior Services shall assess each hospital a per adjusted admission charge of \$10.00.

Of the revenues raised by the hospital per adjusted admission charge, \$5.00 per adjusted admission shall be used by the department to carry out its duties pursuant to P.L.1992, c.160 (C.26:2H-18.51 et al.) and \$5.00 per adjusted admission shall be used by the department for administrative costs related to health planning.

b. Effective July 1, 2004, the department shall assess each licensed ambulatory care facility that is licensed to provide one or more of the following ambulatory care services: ambulatory surgery, computerized axial tomography, comprehensive outpatient rehabilitation, extracorporeal shock wave lithotripsy, magnetic resonance imaging, megavoltage radiation oncology, positron emission tomography, orthotripsy and sleep disorder services. The Commissioner of Health and Senior Services may, by regulation, add additional categories of ambulatory care services that shall be subject to the assessment if such services are added to the list of services provided in N.J.A.C.8:43A-2.2(b) after the effective date of P.L.2004, c.54.

The assessment established in this subsection shall not apply to an ambulatory care facility that is licensed to a hospital in this State as an off-site ambulatory care service facility.

(1) For Fiscal Year 2005, the assessment on an ambulatory care facility providing one or more of the services listed in this subsection shall be based on gross receipts for the 2003 tax year as follows:

(a) a facility with less than \$300,000 in gross receipts shall not pay an assessment; and

(b) a facility with at least \$300,000 in gross receipts shall pay an assessment equal to 3.5% of its gross receipts or \$200,000, whichever amount is less.

The commissioner shall provide notice no later than August 15, 2004 to all facilities that are subject to the assessment that the first payment of the assessment is due October 1, 2004 and that proof of gross receipts for the facility's tax year ending in calendar year 2003 shall be provided by the facility to the commissioner no later than September 15, 2004. If a facility fails to provide proof of gross receipts by September 15, 2004, the facility shall be assessed the maximum rate of \$200,000 for Fiscal Year 2005.

The Fiscal Year 2005 assessment shall be payable to the department in four installments, with payments due October 1, 2004, January 1, 2005, March 15, 2005 and June 15, 2005.

(2) For Fiscal Year 2006, the commissioner shall use the calendar year 2004 data submitted in accordance with subsection c. of this section to calculate a uniform gross receipts assessment rate for each facility with gross receipts over \$300,000 that is subject to the assessment, except that no facility shall pay an assessment greater than \$200,000. The rate shall be calculated so as to raise the same amount in the aggregate as was assessed in Fiscal Year 2005. A facility shall pay its assessment to the department in four payments in accordance with a timetable prescribed by the commissioner.

(3) Beginning in Fiscal Year 2007 and for each fiscal year thereafter through Fiscal Year 2010, the uniform gross receipts assessment rate calculated in accordance with paragraph (2) of this subsection shall be applied to each facility subject to the assessment with gross

receipts over \$300,000, as those gross receipts are documented in the facility's most recent annual report to the department, except that no facility shall pay an assessment greater than \$200,000. A facility shall pay its annual assessment to the department in four payments in accordance with a timetable prescribed by the commissioner.

(4) Beginning in Fiscal Year 2011 and for each fiscal year thereafter, the uniform gross receipts assessment shall be applied at the rate of 2.95% to each facility subject to the assessment with gross receipts over \$300,000, as those gross receipts are documented in the facility's most recent annual report submitted to the department pursuant to subsection c. of this section, except that no facility shall pay an assessment greater than \$350,000. A facility shall pay its annual assessment to the department in four payments in accordance with a timetable prescribed by the commissioner.

c. Each ambulatory care facility that is subject to the assessment provided in subsection b. of this section shall submit an annual report including, at a minimum, data on volume of patient visits, charges, and gross revenues, by payer type, for patient services, beginning with calendar year 2004 data. The annual report shall be submitted to the department according to a timetable and in a form and manner prescribed by the commissioner.

The department may audit selected annual reports in order to determine their accuracy.

d. (1) If, upon audit as provided for in subsection c. of this section, it is determined that an ambulatory care facility understated its gross receipts in its annual report to the department, the facility's assessment for the fiscal year that was based on the defective report shall be retroactively increased to the appropriate amount and the facility shall be liable for a penalty in the amount of the difference between the original and corrected assessment.

(2) A facility that fails to provide the information required pursuant to subsection c. of this section shall be liable for a civil penalty not to exceed \$500 for each day in which the facility is not in compliance.

(3) A facility that is operating one or more of the ambulatory care services listed in subsection b. of this section without a license from the department, on or after July 1, 2004, shall be liable for double the amount of the assessment provided for in subsection b. of this section, in addition to such other penalties as the department may impose for operating an ambulatory care facility without a license.

(4) The commissioner shall recover any penalties provided for in this subsection in an administrative proceeding in accordance with the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.).

e. The revenues raised by the ambulatory care facility assessment pursuant to this section shall be deposited in the Health Care Subsidy Fund established pursuant to section 8 of P.L.1992, c.160 (C.26:2H-18.58).

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

C.26:2H-18.62 Monies designated for Health Care Subsidy Fund; allocation of monies.

12. a. (Deleted by amendment, P.L.2005, c.237).

b. (Deleted by amendment, P.L.2005, c.237).

c. (1) Notwithstanding any law to the contrary, each general hospital and each specialty heart hospital shall pay .53% of its total operating revenue to the department for deposit in the Health Care Subsidy Fund. The hospital shall make monthly payments to the department beginning July 1, 1993. The commissioner shall determine the manner in which the payments shall be made.

For the purposes of this subsection, "total operating revenue" shall be defined by the department in accordance with financial reporting requirements established pursuant to N.J.A.C.8:31B-3.3 and shall include revenue from any ambulatory care facility that is licensed to a general hospital as an off-site ambulatory care service facility.

(2) The commissioner shall allocate the monies paid by hospitals pursuant to paragraph (1) of this subsection as follows:

(a) In State fiscal years 2006 and 2007, \$35 million of those monies shall be allocated to the support of federally qualified health centers in this State, and the remainder shall be allocated to the support of (i) the infant mortality reduction program in the Department of Health and Senior Services, (ii) the primary care physician and dentist loan redemption program established in the Higher Education Student Assistance Authority by article 3 of P.L.1999, c.46 (C.18A:71C-32 et seq.), and (iii) the development and use of health information electronic data interchange technology pursuant to P.L.1999, c.154 (C.17B:30-23 et al.); and

(b) In State fiscal year 2008 and thereafter, \$40 million of those monies shall be allocated to the support of federally qualified health centers in this State.

Monies allocated to the support of federally qualified health centers in the State under this paragraph shall be used for the purpose of compensating them for health care services provided to uninsured patients.

d. The monies paid by the hospitals and allocated under subsection c. of this section for the support of federally qualified health centers shall be credited to the federally qualified health centers account.

e. (1) Monies paid by hospitals under subsection c. of this section in excess of \$40 million, federal matching funds received on account of such monies, and interest received on such payments and funds shall be allocated exclusively to support funding to hospitals.

(2) In the event that any approval, application, or other condition necessary for the implementation of this subsection and the distribution of funds pursuant thereto consistent with the Fiscal Year 2011 annual appropriations act is not obtained, granted, or satisfied, the Departments of Health and Senior Services and Human Services shall jointly prepare a plan concerning charity care and related hospital funding, which shall be subject to the approval of the Joint Budget Oversight Committee.

3. This act shall take effect July 1, 2010.

Approved June 29, 2010.