

## CHAPTER 513

AN ACT concerning reporting requirements for hospitals and amending P.L.2008, c.58.

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

1. Section 3 of P.L.2008, c.58 (C.26:2H-5.1b) is amended to read as follows:

C.26:2H-5.1b Conditions for licensure of general hospital.

3. As a condition of licensure under P.L.1971, c.136 (C.26:2H-1 et al.), a general hospital shall:

a. (1) provide to the Department of Health: monthly and quarterly unaudited financial information, quarterly unaudited financial statements, annual audited financial statements, and such other financial information as the department may request; and

(2) annually, upon renewal of its license, post on its Internet website the most recent public inspection copy that is available of Internal Revenue Service Form 990 and all schedules and supporting documentation required to be submitted to the Internal Revenue Service in conjunction with Form 990 ; except that, if the hospital does not file a Form 990 with the Internal Revenue Service, the hospital shall post on its Internet website all governance, financial, and operating information that would otherwise be reported on Form 990 for the prior tax year, including the information that would be required to be submitted in the schedules and supporting documentation in conjunction with Form 990, to the extent that such information exists with respect to a for-profit hospital; and

(3) no less than 90 days prior to signing an agreement for the sale or the lease of the land or property on which the hospital is located, provide notice to the Department of Health of the hospital's intent to sign an agreement to sell or lease land or property on which the hospital is located. Notification to the department shall include a copy of the agreement, the names of all parties included, and the intended use of proceeds from the sale or lease of land or property;

b. permit the Commissioner of Health, or a monitor appointed by the commissioner, as applicable, to oversee its financial operations, and, if the commissioner determines that the hospital is at risk of being in financial distress or is in financial distress based on criteria specified by regulation, participate in the development and implementation of a corrective plan to resolve the hospital's financial difficulties, pursuant to section 2 of P.L.2008, c.58 (C.26:2H-5.1a); and

c. if the hospital is owned or managed by a for-profit entity, including an entity that has a majority ownership interest in the hospital, provide to the department the following information, to the extent that such information is not otherwise reported pursuant to subsection a. of this section:

(1) a report of each business transaction in the fiscal year with an interested person which exceeds \$10,000. The report of business transactions with interested persons shall be the same as defined in Internal Revenue Service Form 990, except that the term "interested persons" shall also include owners of any for-profit hospital;

(2) a chart that identifies all related organizations, including any corporation, company, limited liability company, partnership, individual trust, or other governing body, entity, or person as defined in Internal Revenue Service Form 990, including the full name, location, and tax-exempt status of the entity or person;

(3) whether the owners or managers of the hospital maintain one or more offices, employees, or agents outside the United States that do business with the hospital, and any revenues and expenses of more than \$10,000 transacted outside the United States;

(4) a list of investors and joint ventures between the hospital owners and its investors, including the name of the joint venture entity, whether for-profit or nonprofit, a description of its primary activity, and the percent of profit or stock ownership held by each of the officers, directors, physicians, and key employees of the hospital in the joint venture;

(5) the name and address of any management company paid to provide services to the hospital, a description of the primary activity of the company, and the percent of profit or stock ownership held by each of the officers, directors, physicians, and key employees of the hospital in the management company;

(6) the amounts paid to any affiliates for management or consulting services;

(7) a description of any trust that holds an interest in the hospital, including the names of the trustees, beneficial owners, and grantor or settlor of the trust, along with a copy of the full trust agreement;

(8) a list of any properties for which the hospital has claimed a tax abatement; and

(9) if the hospital had surplus revenues for the prior fiscal year, the total amount of any such surplus revenue used for each of the following: debt retirement; plant or facility expansion; or a reserve for operating contingencies.

d. The information submitted to the department pursuant to this section during the period of time encompassing the hospital's current or most recent tax year shall be posted on the hospital's Internet website, with the exception of any information provided to the department under subsection c. deemed proprietary by the Commissioner of Health. The department shall provide a link on the department's Internet website to the information posted on the hospital's Internet website, as required pursuant to this subsection.

2. The Commissioner of Health shall, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), adopt rules and regulations to implement the provisions of this act.

3. This act shall take effect on the 180th day after the date of enactment, except that the Commissioner of Health may take any anticipatory administrative action in advance thereof as shall be necessary for the implementation of this act.

Approved January 21, 2020.