

SENATE, No. 1978

STATE OF NEW JERSEY
213th LEGISLATURE

INTRODUCED JUNE 12, 2008

Sponsored by:
Senator JOSEPH F. VITALE
District 19 (Middlesex)

SYNOPSIS

“Health Care Stabilization Fund Act”; creates fund in DHSS to provide grants to health care facilities to maintain access to essential health care services.

CURRENT VERSION OF TEXT

As introduced.



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

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

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

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10 2. The Legislature finds and declares that:

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

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

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

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

32 e. It is fitting and appropriate that the State of New Jersey
33 provide temporary funding to continue access to and availability of
34 health care services in time of emergent need; and

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

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

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

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7 4. The Commissioner of Health and Senior Services may award
8 a grant to a hospital or other licensed health care facility from the
9 fund if the commissioner determines that, due to extraordinary
10 circumstances, the grant is necessary to maintain access to essential
11 health care services or referral sources, as appropriate. In
12 determining whether to award a grant to a licensed health care
13 facility, the commissioner shall consider whether, at a minimum,
14 the following factors are present:

15 a. Extraordinary circumstances threaten access to essential
16 health services residents in a community;

17 b. Persons in a community will be without ready access to
18 essential health care services in the absence of the award of a grant
19 from the fund;

20 c. Funding is unavailable from other sources to preserve or
21 provide essential health care services;

22 d. A grant from the fund is likely to stabilize access to the
23 essential health care services;

24 e. There is a reasonable likelihood that the essential health care
25 services will be sustainable upon the termination of the grant; and

26 f. The proposed recipient of the grant agrees to conditions
27 established by the commissioner for receipt of a grant.

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

34 (1) In the case of a general hospital whose financial condition
35 created or contributed to the extraordinary circumstances
36 necessitating the award of the grant, the hospital shall agree to such
37 corrective steps to its governance, management, and business
38 operations as the commissioner deems reasonable and appropriate
39 in light of the hospital's circumstances and the health care needs of
40 the community; and

41 (2) In the case of a licensed health care facility other than a
42 general hospital, the facility shall agree to: the provision of
43 essential health care services to the community as determined by
44 the commissioner; facilitating the enrollment of individuals in
45 appropriate government insurance programs; and providing the
46 Department of Health and Senior Services with such quality of care,
47 utilization, and financial information as determined by the
48 commissioner to be reasonable and necessary.

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

7 Notwithstanding any provision of P.L.1968, c.410 (C.52:14B-1
8 et seq.) to the contrary, the commissioner may adopt immediately
9 upon filing with the Office of Administrative Law such regulations
10 as the commissioner deems necessary to implement the provisions
11 of this act, which shall be effective for a period not to exceed 270
12 days following enactment of this act and may thereafter be
13 amended, adopted, or readopted by the department in accordance
14 with the requirements of P.L.1968, c.410.

15 c. The commissioner shall annually, by March 1 of each year,
16 submit a report on the Health Care Stabilization Fund to the
17 Governor, and to the Legislature pursuant to section 2 of P.L.1991,
18 c.164 (C.52:14-19.1). The report shall identify the health care
19 facilities that received grants during the reporting period, the
20 purpose for which the grant was allocated to the facility, and the
21 extent to which the awarding of the grant furthered the purposes of
22 this act.

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

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STATEMENT

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30 This bill establishes the Health Care Stabilization Fund in the
31 Department of Health and Senior Services (DHSS) for the purpose
32 of providing emergency grants to general hospitals and other
33 licensed health care facilities to ensure continuation of access and
34 availability of necessary health care services to residents in a
35 community served by a hospital facing closure or significantly
36 reducing services due to financial distress. Monies for the fund
37 shall be initially provided in the FY2009 annual appropriations act.

38 The bill provides that:

39 • The fund shall be administered by DHSS in consultation with the
40 Department of the Treasury.

41 • The Commissioner of Health and Senior Services may award a
42 grant to a hospital or other licensed health care facility from the
43 fund if the commissioner determines that due to extraordinary
44 circumstances, the grant is necessary to maintain access to
45 essential health care services or referral sources.

46 • In determining whether to award a grant to a licensed health care
47 facility, the commissioner shall consider whether, at a minimum,
48 the following factors are present:

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- 1 -- extraordinary circumstances threaten access to essential health
2 services to residents in a community;
- 3 -- persons in a community will be without ready access to
4 essential health care services in the absence of the award of a
5 grant from the fund;
- 6 -- funding is unavailable from other sources to preserve or
7 provide essential health care services;
- 8 -- a grant from the fund is likely to stabilize access to the
9 essential health care services;
- 10 -- there is a reasonable likelihood that the essential health care
11 services will be sustainable upon the termination of the grant; and
- 12 -- the proposed recipient of the grant agrees to conditions
13 established by the commissioner for receipt of a grant.
- 14 • The Commissioner of Health and Senior Services shall set
15 reasonable conditions for the receipt of a grant by a general
16 hospital or other licensed health care facility, which conditions
17 may include, but need not be limited to, requirements to assure
18 the efficient and effective delivery of health care services.
- 19 -- In the case of a general hospital whose financial condition
20 created or contributed to the extraordinary circumstances
21 necessitating the award of the grant, the hospital shall agree to
22 such corrective steps to its governance, management, and
23 business operations as the commissioner deems reasonable and
24 appropriate in light of the hospital's circumstances and the health
25 care needs of the community; and
- 26 -- In the case of a licensed health care facility other than a general
27 hospital, the facility shall agree to: the provision of essential
28 health care services to the community as determined by the
29 commissioner; facilitating the enrollment of individuals in
30 appropriate government insurance programs; and providing
31 DHSS with such quality of care, utilization, and financial
32 information as determined by the commissioner to be reasonable
33 and necessary.
- 34 • The commissioner shall annually, by March 1 of each year,
35 submit a report on the Health Care Stabilization Fund to the
36 Governor and to the Legislature, which identifies the health care
37 facilities that received grants during the reporting period, the
38 purpose for which the grant was allocated to the facility, and the
39 extent to which the awarding of the grant furthered the purposes
40 of this act.
- 41 • The bill takes effect 60 days after the date of enactment.