

[Second Reprint]

ASSEMBLY, No. 5918

STATE OF NEW JERSEY
218th LEGISLATURE

INTRODUCED NOVEMBER 14, 2019

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Senator SANDRA B. CUNNINGHAM

District 31 (Hudson)

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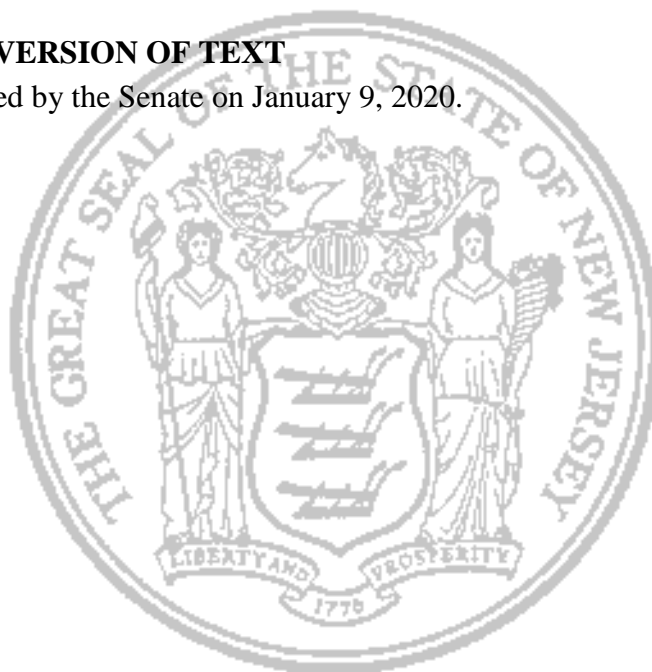
District 19 (Middlesex)

SYNOPSIS

Expands hospital reporting requirements.

CURRENT VERSION OF TEXT

As amended by the Senate on January 9, 2020.



(Sponsorship Updated As Of: 1/14/2020)

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

3

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

6

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

9 3. As a condition of licensure under P.L.1971, c.136 (C.26:2H-
10 1 et al.), a general hospital shall:

11 a. ¹(1)¹ provide to the Department of Health: ¹~~[(1)]~~¹ monthly
12 and quarterly¹ unaudited financial information ¹~~[and]~~ quarterly
13 unaudited financial statements,¹ annual audited financial statements
14 ~~[to the Department of Health, and such other financial information~~
15 ~~as the department may request]~~ ¹, and such other financial
16 information as the department may request¹; and

17 (2) ¹~~[by November 30 of each year,]~~ annually, upon ²~~[filing~~
18 ~~for]~~² renewal of its license, post on its Internet website the most
19 recent public inspection copy that is available of¹ Internal Revenue
20 Service Form 990 and all schedules and supporting documentation
21 required to be submitted to the Internal Revenue Service in
22 conjunction with Form 990 ²~~[for the prior tax year]~~²; except that, if
23 the hospital does not file a Form 990 with the Internal Revenue
24 Service, the hospital shall ¹~~[provide to the department]~~ post on its
25 Internet website¹ all governance, financial, and operating
26 information that would otherwise be reported on Form 990 for the
27 prior tax year, including the information that would be required to
28 be submitted in the schedules and supporting documentation in
29 conjunction with Form 990, to the extent that such information
30 exists with respect to a for-profit hospital; ¹and

31 (3) no less than 90 days prior to signing an agreement for the
32 sale or the lease of ²~~the~~² land or property on which the hospital is
33 located, provide notice to the Department of Health of the hospital's
34 intent to sign an agreement to sell or lease land or property on
35 which the hospital is located. Notification to the department shall
36 include a copy of the agreement, the names of all parties included,
37 and the intended use of proceeds from the sale or lease of land or
38 property;¹

39 b. permit the Commissioner of Health, or a monitor appointed
40 by the commissioner, as applicable, to oversee its financial
41 operations, and, if the commissioner determines that the hospital is
42 at risk of being in financial distress or is in financial distress based
43 on criteria specified by regulation, participate in the development

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

Matter underlined **thus** is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AAP committee amendments adopted December 12, 2019.

²Senate floor amendments adopted January 9, 2020.

1 and implementation of a corrective plan to resolve the hospital's
2 financial difficulties, pursuant to section 2 of P.L.2008, c.58
3 (C.26:2H-5.1a); and

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

9 (1) a '[list of all payments for goods or services, including
10 leases and rentals, made to any entity owned or managed, in whole
11 or in part, by any owner, board member, or officer of the entity that
12 owns or operates the hospital, or a person related to such an
13 individual] report of each business transaction in the fiscal year
14 with an interested person which exceeds \$10,000. The report of
15 business transactions with interested persons shall be the same as
16 defined in Internal Revenue Service Form 990, except that the term
17 “interested persons” shall also include owners of any for-profit
18 hospital¹;

19 (2) a chart that identifies '[all legal entities related to or
20 affiliated with the hospital] all related organizations, including any
21 corporation, company, limited liability company, partnership,
22 individual trust, or other governing body, entity, or person as
23 defined in Internal Revenue Service Form 990¹, including the full
24 name '[of the entity]¹, '[its]¹ location, and '[its]¹ tax-exempt
25 status 'of the entity or person¹;

26 (3) whether the owners or managers of the hospital maintain one
27 or more offices, employees, or agents outside the United States that
28 do business with the hospital, and any revenues and expenses of
29 more than '[\$5,000] \$10,000¹ transacted outside the United States;

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

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

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

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

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

3 ¹[(9) a description of major plant or facility expansion projects
4 at the hospital, including the project location, scope, timeline for
5 completion, and estimated cost of, and sources of funding for,
6 construction]¹; and

7 ¹[(10)] (9)¹ if the hospital had surplus revenues for the prior
8 fiscal year, the total amount of any such surplus revenue used for
9 each of the following: debt retirement; plant or facility expansion;
10 or a reserve for operating contingencies.

11 d. The information submitted to the department pursuant to this
12 section ¹during the period of time encompassing the hospital's
13 current or most recent tax year¹ shall be posted on the
14 ¹[department's] hospital's¹ Internet ¹[web site] website², with the
15 exception of any information provided to the department under
16 subsection c. deemed proprietary by the Commissioner of Health².
17 The department shall provide a link on the department's Internet
18 website to the information posted on the hospital's Internet website,
19 as required pursuant to this subsection¹.

20 (cf: P.L.2012, c.17, s.160)

21

22 2. The Commissioner of Health shall, pursuant to the
23 “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-
24 1 et seq.), adopt rules and regulations to implement the provisions
25 of this act.

26

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