

SENATE, No. 2758

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED JUNE 18, 2018

Sponsored by:

Senator JOSEPH F. VITALE

District 19 (Middlesex)

Senator M. TERESA RUIZ

District 29 (Essex)

Assemblyman CRAIG J. COUGHLIN

District 19 (Middlesex)

SYNOPSIS

Increases financial resources provided through Medicaid program for certain hospitals; Establishes County Option Hospital Fee Pilot Program.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/26/2018)

1 AN ACT establishing the County Option Hospital Fee Pilot Program
2 and supplementing Title 30 of the Revised Statutes.

3

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 County
8 Option Hospital Fee Pilot Program Act.”

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10 2. As used in this act:

11 “Commissioner” means the Commissioner of Human Services.

12 “Department” means the Department of Human Services.

13 “Fee” means the local health care-related fee authorized pursuant
14 to this act.

15 “Hospital” means a hospital that is licensed pursuant to
16 P.L.1971, c.136 (C.26:2H-1 et seq.) and is located within the
17 borders of a participating county.

18 “Medicaid program” means the “New Jersey Medical Assistance
19 and Health Services Program” established pursuant to P.L.1968,
20 c.413 (C.30:4D-1 et seq.).

21 “Participating county” means a county with a population greater
22 than 250,000, according to the federal decennial census
23 immediately preceding the effective date of this act; that contains a
24 municipality which: (1) is classified, pursuant to N.J.S.40A:6-4, as
25 a First or Second Class municipality, or a Fourth Class municipality
26 whose population exceeds 20,000, and (2) has a Municipal
27 Revitalization Index score, as last calculated by the New Jersey
28 Department of Community Affairs prior to the effective date of this
29 act, that exceeds 60; and which chooses to participate in the pilot
30 program.

31 “Pilot program” means “The County Option Hospital Fee Pilot
32 Program” established pursuant to this act.

33 “Proposed fee and expenditure report” means a written report by
34 a participating county that describes how the fee will be imposed in
35 the participating county; how the funds collected from the fee will
36 be used by the participating county, including the amount and
37 services the participating county plans to provide with the funds;
38 and how the plan satisfies paragraph (1) of subsection b. of section
39 3 of this act.

40

41 3. a. There is established “The County Option Hospital Fee
42 Pilot Program” in the Department of Human Services.

43 b. The purpose of the pilot program is:

44 (1) to increase financial resources through the Medicaid
45 program to support local hospitals and to ensure that they continue
46 to provide necessary services to low-income citizens; and

47 (2) to provide participating counties with new fiscal resources.

1 c. To effectuate the purposes of this program, the
2 commissioner shall authorize no more than seven participating
3 counties in the State for participation in the program. Each
4 participating county shall be authorized to impose a local health
5 care-related fee on hospitals within its borders.

6 d. A participating county shall submit a proposed fee and
7 expenditure report to the commissioner to ensure that the proposed
8 fee and expenditure plan satisfies paragraph (1) of subsection b. of
9 this section and subsection e. of this section, and does not create a
10 direct or indirect guarantee to hold harmless, as those terms are
11 used in 42 C.F.R. s.433.68(f). Each participating county shall
12 consult with affected hospitals within its jurisdiction to prepare the
13 proposed fee and expenditure report before the report is submitted
14 to the commissioner. The commissioner shall make the proposed
15 fee and expenditure report available to the affected hospitals for
16 review and the hospitals shall be permitted to provide comments to
17 the commissioner regarding the report for a period of 21 calendar
18 days from the date the proposed report is made available for review.

19 e. The board of chosen freeholders of a participating county,
20 following the approval of the participating county's proposed fee
21 and expenditure plan by the commissioner, may adopt an ordinance
22 providing for the imposition of a fee on hospitals located within its
23 borders and for appropriate administrative provisions, including,
24 but not limited to, provisions for the collection of interest and
25 penalties.

26 The fee shall be implemented in accordance with the provisions
27 of 42 U.S.C. s.1396b(w)(3)(A), and shall be subject to the
28 maximum aggregate amount that may be assessed pursuant to 42
29 C.F.R. s.433.68(f)(3), or any subsequent maximum amount as may
30 be established by federal law. The participating county may exempt
31 a hospital within its jurisdiction from the fee, provided that the
32 exemption complies with the requirements of 42 C.F.R. s.433.68.

33 The fee authorized pursuant to this act may be collected only to
34 the extent, and for the period, that the commissioner determines that
35 the revenues generated qualify as the State share of Medicaid
36 program expenditures eligible for federal financial participation
37 pursuant to 42 C.F.R. s.433.68.

38
39 4. a. A participating county may transfer funds collected from
40 the fee imposed pursuant to subsection c. of section 3 of this act to
41 the commissioner. The commissioner shall use funds transferred
42 from a participating county, and any matching amount of federal
43 Medicaid funds or other federal funds generated therefrom, for the
44 following purposes: to increase Medicaid payments to hospitals in
45 the jurisdiction from which the funds are received; for payments to
46 managed care organizations that have contracted with Medicaid
47 serving the jurisdiction from which the funds are received for

1 increased hospital or hospital-related payments; and for direct costs
2 related to administrative purposes to implement the pilot program.

3 The commissioner shall seek to minimize the length of time
4 between the collection of the fee by the participating county and the
5 distribution of payments pursuant to this subsection.

6 Notwithstanding any other law to the contrary, the commissioner
7 and a participating county are authorized to enter into an
8 intergovernmental transfer agreement as may be necessary to
9 transfer funds under this subsection or to otherwise satisfy the
10 requirements of this act.

11 b. A participating county may retain the funds collected from
12 the imposition of the fee, in which case the participating county
13 shall generate the same level of funding, in addition to the funds
14 collected from the imposition of the fee, that would be generated by
15 the department through any matching amount of federal Medicaid
16 funds or other federal funds, and use the total funding amount to
17 satisfy paragraph (1) of subsection b. of section 3 of this act.

18 c. At least 75 percent of the funds collected from imposition of
19 the fee shall be used by a participating county or the department for
20 the benefit of local hospitals or local hospital-related providers
21 within the participating county's borders to ensure that the hospitals
22 or hospital-related providers continue to provide necessary services
23 to low-income citizens.

24
25 5. a. The fee imposed pursuant to subsection c. of section 3 of
26 this act shall be imposed in relation to health care items or services
27 provided only during the effective period of this act, and shall not
28 be collected until the commissioner notifies the appropriate
29 governmental entities that any State plan amendment or waivers
30 submitted pursuant to section 6 of this act have been approved.

31 b. No hospital subject to the fee shall pass on the cost of the fee
32 to any patient, insurer, self-insured employer program, or other
33 responsible party, nor list it separately on any invoice or statement
34 sent to a patient, insurer, self-insured employer program, or other
35 responsible party.

36 c. Unless otherwise prohibited by the federal government, no
37 managed care organization operating in the State that has contracted
38 with Medicaid shall retain any funds generated by the fee, other
39 than to offset any increased administrative costs incurred as a result
40 of the pilot program.

41 d. Funds generated by the fee shall not supplant or offset any
42 current or future State funds allocated to a county participating in
43 the pilot program.

44 e. Payments distributed to hospitals pursuant to this act shall
45 not supplant or offset any current or future funds paid to hospitals
46 through other State or federal funding mechanisms or pools.

1 6. The Commissioner of Human Services shall apply for such
2 State plan amendments or waivers as may be necessary to
3 implement the provisions of this act and to secure federal financial
4 participation for State Medicaid expenditures under the federal
5 Medicaid program, and shall receive approval for such State plan
6 amendments or waivers prior to collection of a fee authorized
7 pursuant to subsection c. of section 3 of this act.

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9 7. This act shall take effect immediately, subject to such actions
10 by the federal government as are necessary to effectuate the purposes
11 of this act, and shall expire five years after the effective date.

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STATEMENT

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16 This bill establishes a five-year County Option Hospital Fee Pilot
17 Program. The purpose of the program is: 1) to increase financial
18 resources through the Medicaid program to support local hospitals
19 and to ensure that they continue to provide necessary services to
20 low-income citizens; and 2) to provide participating counties with
21 new fiscal resources. To effectuate the purposes of this program,
22 the Commissioner of Human Services shall authorize no more than
23 seven counties in the State to participate in the program. Each
24 participating county will be authorized to impose a local health
25 care-related fee on hospitals within its borders. Under the bill, a
26 “participating county” means a county with a population greater
27 than 250,000, according to the federal decennial census
28 immediately preceding the effective date of this bill; that contains a
29 municipality which: (1) is classified, pursuant to N.J.S.40A:6-4, as
30 a First or Second Class municipality, or a Fourth Class municipality
31 whose population exceeds 20,000, and (2) has a Municipal
32 Revitalization Index score, as last calculated by the New Jersey
33 Department of Community Affairs that exceeds 60; and which
34 chooses to participate in the Pilot program.

35 A participating county shall submit a proposed fee and
36 expenditure report to the commissioner to ensure that the proposed
37 fee and expenditure plan satisfies certain goals. The bill requires
38 that the affected hospitals must be consulted and permitted to
39 provide comments during this process. Following the approval of a
40 proposed fee and expenditure plan by the commissioner, the board
41 of chosen freeholders of a participating county may adopt an
42 ordinance providing for the imposition of a fee on hospitals located
43 within its borders and for appropriate administrative provisions.
44 The fee must be implemented in accordance with federal law and
45 may be collected only to the extent, and for the period, that the
46 commissioner determines that the revenues generated qualify as the
47 State share of Medicaid program expenditures eligible for federal
48 financial participation pursuant to 42 C.F.R. s.433.68.

1 A participating county may transfer funds collected from the
2 imposition of the fee to the commissioner. The commissioner must
3 use these funds, and any matching amount of federal Medicaid
4 funds or other federal funds generated therefrom, for the following
5 purposes: to increase Medicaid payments to hospitals in the
6 jurisdiction from which the funds are received; for payments to
7 managed care organizations that have contracted with Medicaid
8 serving the jurisdiction from which the funds are received for
9 increased hospital or hospital-related payments; and for direct costs
10 related to administrative purposes to implement the pilot program.

11 A participating county may also retain the funds collected from
12 the imposition of the fee, in which case the participating county
13 must generate the same level of funding, in addition to the funds
14 collected from the imposition of the fee, that would be generated by
15 the department through any matching amount of federal Medicaid
16 funds or other federal funds, and use the total funding amount to
17 satisfy the purposes of the pilot program.

18 At least 75 percent of the funds collected from imposition of the
19 fee must be used by a participating county or the department for the
20 benefit of local hospitals or local hospital-related providers within
21 the participating county's borders to ensure that the hospitals or
22 hospital-related providers continue to provide necessary services to
23 low-income citizens.

24 Furthermore, no hospital subject to the fee is authorized to pass
25 on the cost of the fee to any patient, insurer, self-insured employer
26 program, or other responsible party, nor list it separately on any
27 invoice or statement sent to a patient, insurer, self-insured employer
28 program, or other responsible party. In addition, unless otherwise
29 prohibited by the federal government, no managed care
30 organization operating in the State that has contracted with
31 Medicaid is authorized to retain any funds generated by the fee,
32 other than to offset any increased administrative costs incurred as a
33 result of the pilot program.

34 Finally, funds generated by the fee are not to supplant or offset
35 any current or future State funds allocated to a county participating
36 in the pilot program. In addition, payments distributed to hospitals
37 pursuant to the bill are not to supplant or offset any current or future
38 funds paid to hospitals through other State or federal funding
39 mechanisms or pools.

40 This bill will take effect immediately, subject to such actions by
41 the federal government as are necessary to effectuate the purposes of
42 the bill, and will expire five years after the effective date.