

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 2759

**STATE OF NEW JERSEY
218th LEGISLATURE**

DATED: JUNE 27, 2018

SUMMARY

- Synopsis:** Expands per adjusted admission charge on hospitals to create supplemental funding pool for State's graduate medical education subsidy.
- Type of Impact:** Annual State Revenue and Expenditure Increases to the General Fund.
- Agencies Affected:** Department of Health.

Office of Legislative Services Estimate

Fiscal Impact	First Fiscal Year of Implementation	Fiscal Years Thereafter
State Revenue Increase	Indeterminate	Indeterminate
State Expenditure Increase	\$24.3 million	Indeterminate

- The Office of Legislative Services (OLS) estimates that the bill will result in indeterminate annual increases in State revenue collections, federal matching funds received by the State, and expenditures of the additional State and federal resources.
- In the first fiscal year of bill’s enactment, General Fund expenditures will increase by \$24.3 million due to a one-time appropriation to the Safety Net Graduate Medical Education (GME) funding pool established in the bill.

BILL DESCRIPTION

This bill provides that, effective July 1, 2018, the per adjusted admission charge of \$10 assessed pursuant to N.J.S.A.26:2H-18.57 shall apply to all general acute care hospitals, rehabilitation hospitals, and long-term acute care hospitals. Any General Fund savings resulting from the charge meeting the permissibility standards set forth in 42 C.F.R. s.433.68 shall be used to create a supplemental funding pool, known as Safety Net GME, for the State’s graduate medical education subsidy.

The charge currently applies only to acute care hospital admissions and collections are dedicated to the Department of Health for administrative costs related to health planning (50 percent) and to carry out the department's duties under P.L.1992, c.160 (50 percent).

The bill also appropriates \$24,285,714 from the General Fund for the Safety Net GME funding pool established in the bill, establishes the criteria by which funds in the pool shall be made available, and establishes the manner in which payments to eligible hospitals shall be made.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill will result in indeterminate annual increases in State revenue collections, federal matching funds received by the State, and expenditures of the additional State and federal resources. In the first fiscal year of bill's enactment, General Fund expenditures will increase by \$24.3 million due to a one-time appropriation to the Safety Net GME funding pool established in the bill.

The bill will increase State revenues collected under the per adjusted admission charge due to the expansion of the charge to admissions at rehabilitation hospitals and long-term acute care hospitals. The charge currently applies only to acute care hospital admissions and raised \$16.7 million in State revenue in FY 2017.

According to the New Jersey Hospital Association, there are 71 acute care hospitals, 14 rehabilitation hospitals, and 10 long-term acute care hospitals in the State. The OLS does not have information regarding annual admission rates at the rehabilitation and long-term acute care hospitals and, therefore, cannot quantify the bill's annual revenue gain.

The revenue gain would be subject to the existing statutory dedication of collections from the charge to the Department of Health for administrative costs related to health planning (50 percent) and to carry out the department's duties under P.L.1992, c.160 (50 percent).

The bill will also result in a one-time expenditure from the General Fund of \$24.3 million for the Safety Net GME funding pool for the State's GME subsidy. The GME subsidy is distributed to 43 acute care hospitals in the State and supports hospital-based physician teaching programs. The Governor's FY 2019 Budget anticipates a 63.7 percent federal Medicaid match for the State's GME subsidy.

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This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).