

**ASSEMBLY, No. 1686**

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**STATE OF NEW JERSEY**  
**219th LEGISLATURE**

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PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

**Sponsored by:**

**Assemblyman JOHN J. BURZICHELLI**

**District 3 (Cumberland, Gloucester and Salem)**

**SYNOPSIS**

Reduces ambulatory care facility assessment.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



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1 AN ACT concerning certain assessments on ambulatory care  
2 facilities and amending P.L.1992, c.160.

3

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

6

7 1. Section 7 of P.L.1992, c.160 (C.26:2H-18.57) is amended to  
8 read as follows:

9 7. a. Effective January 1, 1994, the Department of Health shall  
10 assess each hospital a per adjusted admission charge of \$10.

11 Of the revenues raised by the hospital per adjusted admission  
12 charge, \$5 per adjusted admission shall be used by the department  
13 to carry out its duties pursuant to P.L.1992, c.160 (C.26:2H-  
14 18.51 et al.) and \$5 per adjusted admission shall be used by the  
15 department for administrative costs related to health planning.

16 b. Effective July 1, 2004, the department shall assess each  
17 licensed ambulatory care facility that is licensed to provide one or  
18 more of the following ambulatory care services: ambulatory  
19 surgery, computerized axial tomography, comprehensive outpatient  
20 rehabilitation, extracorporeal shock wave lithotripsy, magnetic  
21 resonance imaging, megavoltage radiation oncology, positron  
22 emission tomography, orthotripsy, and sleep disorder services. The  
23 Commissioner of Health may, by regulation, add additional  
24 categories of ambulatory care services that shall be subject to the  
25 assessment if such services are added to the list of services provided  
26 in N.J.A.C.8:43A-2.2(b) after the effective date of P.L.2004, c.54.

27 The assessment established in this subsection shall not apply to  
28 an ambulatory care facility that is licensed to a hospital in this State  
29 as an off-site ambulatory care service facility.

30 (1) For Fiscal Year 2005, the assessment on an ambulatory care  
31 facility providing one or more of the services listed in this  
32 subsection shall be based on gross receipts for the 2003 tax year as  
33 follows:

34 (a) a facility with less than \$300,000 in gross receipts shall not  
35 pay an assessment; and

36 (b) a facility with at least \$300,000 in gross receipts shall pay an  
37 assessment equal to 3.5% of its gross receipts or \$200,000,  
38 whichever amount is less.

39 The commissioner shall provide notice no later than August 15,  
40 2004 to all facilities that are subject to the assessment that the first  
41 payment of the assessment is due October 1, 2004 and that proof of  
42 gross receipts for the facility's tax year ending in calendar year 2003  
43 shall be provided by the facility to the commissioner no later than  
44 September 15, 2004. If a facility fails to provide proof of gross  
45 receipts by September 15, 2004, the facility shall be assessed the  
46 maximum rate of \$200,000 for Fiscal Year 2005.

**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.

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1 The Fiscal Year 2005 assessment shall be payable to the  
2 department in four installments, with payments due October 1,  
3 2004, January 1, 2005, March 15, 2005 and June 15, 2005.

4 (2) For Fiscal Year 2006, the commissioner shall use the  
5 calendar year 2004 data submitted in accordance with subsection c.  
6 of this section to calculate a uniform gross receipts assessment rate  
7 for each facility with gross receipts over \$300,000 that is subject to  
8 the assessment, except that no facility shall pay an assessment  
9 greater than \$200,000. The rate shall be calculated so as to raise the  
10 same amount in the aggregate as was assessed in Fiscal Year 2005.  
11 A facility shall pay its assessment to the department in four  
12 payments in accordance with a timetable prescribed by the  
13 commissioner.

14 (3) Beginning in Fiscal Year 2007 and for each fiscal year  
15 thereafter through Fiscal Year 2010, the uniform gross receipts  
16 assessment rate calculated in accordance with paragraph (2) of this  
17 subsection shall be applied to each facility subject to the assessment  
18 with gross receipts over \$300,000, as those gross receipts are  
19 documented in the facility's most recent annual report to the  
20 department, except that no facility shall pay an assessment greater  
21 than \$200,000. A facility shall pay its annual assessment to the  
22 department in four payments in accordance with a timetable  
23 prescribed by the commissioner.

24 (4) Beginning in Fiscal Year 2011 and for each fiscal year  
25 thereafter through Fiscal Year 2015, the uniform gross receipts  
26 assessment shall be applied at the rate of 2.95% to each facility  
27 subject to the assessment with gross receipts over \$300,000, as  
28 those gross receipts are documented in the facility's most recent  
29 annual report submitted to the department pursuant to subsection c.  
30 of this section, except that no facility shall pay an assessment  
31 greater than \$350,000. A facility shall pay its annual assessment to  
32 the department in four payments in accordance with a timetable  
33 prescribed by the commissioner.

34 (5) For Fiscal Year 2016 and for each fiscal year thereafter, the  
35 uniform gross receipts assessment shall be applied at the rate of  
36 2.28% to each facility subject to the assessment with gross receipts  
37 over \$300,000, as those gross receipts are documented in the  
38 facility's most recent annual report submitted to the department  
39 pursuant to subsection c. of this section, except that no facility shall  
40 pay an assessment greater than \$300,000. A facility shall pay its  
41 annual assessment to the department in four payments in  
42 accordance with a timetable prescribed by the commissioner.

43 c. Each ambulatory care facility that is subject to the  
44 assessment provided in subsection b. of this section shall submit an  
45 annual report including, at a minimum, data on volume of patient  
46 visits, charges, and gross revenues, by payer type, for patient  
47 services, beginning with calendar year 2004 data. The annual

1 report shall be submitted to the department according to a timetable  
2 and in a form and manner prescribed by the commissioner.

3 The department may audit selected annual reports in order to  
4 determine their accuracy.

5 d. (1) If, upon audit as provided for in subsection c. of this  
6 section, it is determined that an ambulatory care facility understated  
7 its gross receipts in its annual report to the department, the facility's  
8 assessment for the fiscal year that was based on the defective report  
9 shall be retroactively increased to the appropriate amount and the  
10 facility shall be liable for a penalty in the amount of the difference  
11 between the original and corrected assessment.

12 (2) A facility that fails to provide the information required  
13 pursuant to subsection c. of this section shall be liable for a civil  
14 penalty not to exceed \$500 for each day in which the facility is not  
15 in compliance.

16 (3) A facility that is operating one or more of the ambulatory  
17 care services listed in subsection b. of this section without a license  
18 from the department, on or after July 1, 2004, shall be liable for  
19 double the amount of the assessment provided for in subsection b.  
20 of this section, in addition to such other penalties as the department  
21 may impose for operating an ambulatory care facility without a  
22 license.

23 (4) The commissioner shall recover any penalties provided for  
24 in this subsection in an administrative proceeding in accordance  
25 with the "Administrative Procedure Act," P.L.1968, c.410  
26 (C.52:14B-1 et seq.).

27 e. The revenues raised by the ambulatory care facility  
28 assessment pursuant to this section shall be deposited in the Health  
29 Care Subsidy Fund established pursuant to section 8 of P.L.1992,  
30 c.160 (C.26:2H-18.58).  
31 (cf: P.L.2012, c.17, s.222)

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33 2. This act shall take effect immediately.

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#### STATEMENT

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38 This bill would reduce the assessment on ambulatory care  
39 facilities imposed pursuant to P.L.2004, c.54, as amended by  
40 P.L.2010, c.23.

41 Currently, an ambulatory care facility with gross receipts over  
42 \$300,000 is required to pay an annual assessment equal to 2.95  
43 percent of its gross receipts to the Department of Health (DOH), up  
44 to a maximum annual assessment of \$350,000. This bill would  
45 reduce the gross receipts assessment rate to 2.28 percent in FY  
46 2016; up to a maximum annual assessment of \$300,000.

47 Revenues raised from the ambulatory care facility assessment are  
48 currently deposited in the Health Care Subsidy Fund, established

1 pursuant to section 8 of P.L.1992, c.160 (C.26:2H-18.58). The  
2 Health Care Subsidy Fund also receives revenues from various  
3 other sources and these funds are expended on various public health  
4 programs, including: Charity Care; the Children’s Health Insurance  
5 Program; Federally Qualified Health Centers; Hospital Mental  
6 Health Offset Payments; Hospital Delivery System Reform  
7 Incentive Payments; and NJ FamilyCare.

8 In FY 2015, over 70 percent of the Health Care Subsidy Fund’s  
9 expenditures are anticipated to be on charity care payments to  
10 hospitals, to subsidize uncompensated care provided to low-income  
11 patients without health insurance coverage. The Governor’s FY  
12 2016 Budget recommends a \$148 million decrease (22.8 percent) in  
13 total charity care funding from \$650 million in FY 2014 to \$502  
14 million in FY 2015. According to the State of New Jersey 2016  
15 Fiscal Year Budget Summary, the reduction in Charity Care  
16 expenditures is related to the “steep reduction in the demand for  
17 uncompensated hospital care due to the dramatic expansion of NJ  
18 FamilyCare enrollment under the Affordable Care Act” (page 8).

19 This bill’s reduction in the ambulatory care facility assessment  
20 rate, from 2.95 percent to 2.28 percent, would result in a  
21 proportionally similar decrease of 22.7 percent in the assessment  
22 rate. Thus, this bill reduces the ambulatory care facility assessment  
23 due to the decreasing demand for charity care and the reduced need  
24 for State expenditures on charity care.