

FISCAL NOTE TO  
ASSEMBLY, No. 1050  
**STATE OF NEW JERSEY**

DATED: NOVEMBER 27, 1996

Assembly Bill No. 1050 of 1996 establishes a three-year pilot program in the Department of Military and Veterans' Affairs to initiate hospital alliances in designated areas of the State, which are not proximate to a State or federal veterans' health care facility, to provide inpatient and outpatient health care services to veterans. The Adjutant General is directed to identify savings from department appropriations to cover the costs of the pilot hospital alliances.

The Department of Military and Veterans' Affairs, with the Office of Management and Budget concurring, has stated that the costs to implement and administer a hospital alliance program cannot be determined without an in-depth needs assessment or study. Furthermore, the department believes that its current appropriation could not be reallocated to support a pilot program without adversely affecting existing programs, as the adoption of this program would be an expansion of services currently provided by the department. The department has also stated that the federal government currently funds programs that assist veterans with service related disabilities and that this proposed pilot program would thus best be administered by the federal government in connection with existing services.

The Office of Legislative Services concurs with the department in that the fiscal impact of this bill is difficult to determine without a needs assessment to estimate the demand for such services and that a reallocation of funds for this pilot would adversely affect funded programs as the department is not currently involved with this type of service. Other than the institutional health care services that the department administers through its three State veterans' homes, the Federal Department of Veterans' Affairs (VA) administers the primary health care system for veterans. Thus, to implement such a "hospital alliance" program, the department would need to obtain authorization from the VA and make arrangements to provide for reimbursements, which would add to the administrative costs of this bill. The OLS further notes that the VA currently does have a system, although somewhat limited, to purchase care for eligible veterans geographically remote from VA facilities directly from private physicians through a fee-basis program. In addition, there are currently bills pending in Congress which address this issue and would give the VA more flexibility to contract services to the private sector.

This fiscal note has been prepared pursuant to P.L.1980, c.67.