

ASSEMBLY, No. 1728

STATE OF NEW JERSEY

INTRODUCED MARCH 18, 1996

By Assemblywoman VANDERVALK

1 AN ACT concerning the licensure of hospitals and amending and  
2 supplementing P.L.1971, c.136.

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

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7 1. Section 12 of P.L.1971, c.136 (C.26:2H-12) is amended to read  
8 as follows:

9 12. a. No health care facility shall be operated unless it shall: (1)  
10 possess a valid license issued pursuant to this act, which license shall  
11 specify the kind or kinds of health care services the facility is  
12 authorized to provide; (2) establish and maintain a uniform system of  
13 cost accounting approved by the commissioner; (3) establish and  
14 maintain a uniform system of reports and audits meeting the  
15 requirements of the commissioner; (4) prepare and review annually a  
16 long range plan for the provision of health care services, which plan  
17 shall be compatible with the State Health Plan as related to medical  
18 health services, health care services, and health manpower; and (5)  
19 establish and maintain a centralized, coordinated system of discharge  
20 planning which assures every patient a planned program of continuing  
21 care and which meets the requirements of the commissioner which  
22 requirements shall, where feasible, equal or exceed those standards and  
23 regulations established by the federal Government for all  
24 federally-funded health care facilities but shall not require any person  
25 who is not in receipt of State or federal assistance to be discharged  
26 against his will.

27 b. (1) Application for a license for a health care facility shall be  
28 made upon forms prescribed by the department. The department shall  
29 charge such nonrefundable fees for the filing of an application for a  
30 license and any renewal thereof, as it shall from time to time fix in  
31 rules or regulations; provided, however, that no such fee shall exceed  
32 \$2,000.00. The application shall contain the name of the health care  
33 facility, the kind or kinds of health care service to be provided, the  
34 location and physical description of the institution, and such other

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

**Matter underlined thus is new matter.**

1 information as the department may require. (2) A license shall be  
2 issued by the department upon its findings that the premises,  
3 equipment, personnel, including principals and management, finances,  
4 rules and bylaws, and standards of health care service are fit and  
5 adequate and there is reasonable assurance the health care facility will  
6 be operated in the manner required by this act and rules and  
7 regulations thereunder. (3) In the case of a general or special hospital,  
8 the department shall issue a license to the facility upon receipt of  
9 written confirmation of its accreditation by the Joint Commission on  
10 Accreditation of Health Care Organizations (JCAHO). Except as  
11 provided in this subsection, a hospital which maintains its accreditation  
12 by the JCAHO is exempt from the requirement of an inspection by the  
13 department for the purposes of licensure issuance and renewal only,  
14 subject to the following conditions: the hospital shall be required to  
15 furnish the department with a copy of the JCAHO findings within 60  
16 days after its receipt of those findings and the hospital's plan for  
17 correcting any deficiencies found by the JCAHO, as well as any  
18 progress reports required by the JCAHO or the department with  
19 regard to the correction of those deficiencies; and the hospital shall be  
20 required to correct those deficiencies within the time period specified  
21 by the JCAHO. In the case of a three-year JCAHO accreditation, the  
22 department shall conduct an unannounced inspection of the hospital no  
23 later than 24 months after the date the accreditation was granted.

24 Nothing as herein provided shall be construed as exempting the  
25 hospital from compliance with State hospital licensing standards as set  
26 forth in chapter 43G of the New Jersey Administrative Code, or  
27 precluding inspection by the department of a hospital under the  
28 following circumstances:

29 (a) for an investigation of specific complaints, services or  
30 conditions which have been reported to or identified by the  
31 department;

32 (b) when an investigation is necessary for the furnishing to the  
33 department by a hospital of any information and reports which are  
34 authorized by State or federal law; or

35 (c) if the hospital receives a conditional JCAHO accreditation or  
36 fails to be accredited.

37 If any State hospital licensing standards exceed the requirements of  
38 the JCAHO, a hospital shall be required to meet the State standards as  
39 a condition of licensure, notwithstanding its accreditation by the  
40 JCAHO. The department shall monitor a hospital's compliance with  
41 any such standards.

42 Nothing as herein provided shall be construed to deny licensure to  
43 a hospital due to JCAHO accreditation requirements which are in  
44 violation of or conflict with State or federal laws.

45 c. [A license issued before the effective date of this act to a health  
46 care facility for its operation, upon the first renewal date thereafter,

1 may be extended for a one-year period of time, provided the facility  
2 then meets the requirements for licensure at the time said license was  
3 issued and submits an acceptable plan to meet current requirements at  
4 the end of said period of time] (Deleted by amendment, P.L. , c. )  
5 (pending before the Legislature as this bill).

6 d. The commissioner may amend a facility's license to reduce that  
7 facility's licensed bed capacity to reflect actual utilization at the facility  
8 if the commissioner determines that 10 or more licensed beds in the  
9 health care facility have not been used for at least the last two  
10 succeeding years. For the purposes of this subsection, the  
11 commissioner may retroactively review utilization at a facility for a  
12 two-year period beginning on January 1, 1990.

13 (cf: P.L.1991, c.187, s.38)

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15 2. (New section) The Department of Health shall report to the  
16 Governor and the Legislature three years from the effective date of  
17 P.L. , c. (pending before the Legislature as this bill) on the effects on  
18 quality of care in hospitals due to the changes in department inspection  
19 requirements provided for in that act. The report shall include the  
20 number of interim multi-year accreditation period inspections  
21 conducted by the department, as well as the number of inspections  
22 conducted to investigate conditions listed in subparagraphs (a), (b) and  
23 (c) of paragraph (3) of subsection b. of section 12 of P.L.1971, c.136  
24 (C.26:2H-12).

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26 3. This act shall take effect immediately.

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#### STATEMENT

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31 This bill provides that a hospital which is granted Joint Commission  
32 on Accreditation of Health Care Organizations (JCAHO) accreditation  
33 is exempt from the requirement of Department of Health (DOH)  
34 annual licensure inspections, subject to the following conditions: the  
35 hospital shall be required to furnish DOH with a copy of the JCAHO  
36 findings within 60 days after its receipt of those findings and the  
37 hospital's plan for correcting any deficiencies found by the JCAHO, as  
38 well as any progress reports required by the JCAHO or DOH with  
39 regard to the correction of those deficiencies; and the hospital shall be  
40 required to correct those deficiencies within the time period specified  
41 by the JCAHO.

42 While the bill exempts JCAHO accredited hospitals from the annual  
43 inspection requirement, it requires that in the case of a three-year  
44 JCAHO accreditation, the department shall conduct an unannounced  
45 inspection of the hospital no later than 24 months after the date the  
46 accreditation was granted. This requirement will ensure a continued

1 State role in the inspection of hospitals.

2 The bill also provides that DOH may inspect a hospital accredited  
3 by the JCAHO under the following circumstances:

4 (a) for an investigation of specific complaints, services or  
5 conditions which have been reported to or identified by the  
6 department;

7 (b) when an investigation is necessary for the furnishing to the  
8 department by a hospital of any information and reports which are  
9 authorized by State or federal law; or

10 (c) if the hospital receives a conditional JCAHO accreditation or  
11 fails to be accredited.

12 The JCAHO is a nationally recognized organization which surveys  
13 health care facilities at their request and grants accreditation to those  
14 facilities which meet its standards and requirements.  
15 JCAHO-accredited hospitals are eligible to participate in the federal  
16 Medicare program.

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21 Provides for licensure of hospitals by DOH based on accreditation by  
22 Joint Commission on Accreditation of Health Care Organizations.