

SENATE, No. 2059

STATE OF NEW JERSEY

INTRODUCED MAY 8, 1997

By Senators BASSANO and CONNORS

1 AN ACT concerning certificate of need and supplementing P.L.1971,  
2 c.136 (C.26:2H-1 et seq.).

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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. As used in this act:

8 "Bona fide integrated delivery system" means an integrated delivery  
9 system with a parent board of trustees which has the following  
10 attributes:

11 a. the ability to approve or remove at least a majority of the trustees  
12 of the subsidiary or affiliate boards;

13 b. the ability to approve or otherwise control the operating and  
14 capital budgets of the subsidiaries or affiliates; and

15 c. the parent corporation is the sole member of the subsidiary or  
16 affiliate companies.

17 "Cardiac surgery services" includes invasive diagnostic  
18 catheterization and all treatment modalities including open and closed  
19 heart surgical procedures.

20 "Integrated delivery system" means a legal entity comprised of  
21 legally affiliated health care providers, among which shall be included  
22 at least two acute care hospitals.

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24 2. a. Notwithstanding the provisions of section 7 of P.L.1971,  
25 c.136 (C.26:2H-7) to the contrary, the Commissioner of Health and  
26 Senior Services shall, no later than 30 days after the effective date of  
27 this act, grant a license to an acute care hospital located in Ocean  
28 county for the provision of adult cardiac surgery services, subject to  
29 the provisions of subsection b. of this section.

30 b. The hospital shall:

31 (1) have been a provider of cardiac catheterization services for a  
32 minimum of three years prior to the effective date of this act and shall  
33 have met the minimum utilization criteria established by the  
34 Department of Health and Senior Services for the continued provision  
35 of these services;

36 (2) have provided not less than 1,000 total cardiac catheterization  
37 procedures in 1996, including both inpatient and outpatient

1 procedures; and

2 (3) shall not deny access to invasive cardiac catheterization or  
3 adult cardiac surgical services to any clinically suitable person on the  
4 basis of that person's diagnosis, race, religion, gender or ability to pay.

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6 3. a. Notwithstanding the provisions of section 7 of P.L.1971,  
7 c.136 (C.26:2H-7) to the contrary, the Commissioner of Health and  
8 Senior Services shall, no later than 30 days after the effective date of  
9 this act, allow the relocation of established cardiac surgery services  
10 from one acute care hospital in Essex county to another acute care  
11 hospital in Essex county, if:

12 (1) both the transferring hospital and the recipient hospital are  
13 components of a bona fide integrated delivery system;

14 (2) the transfer of services with the integrated delivery system will  
15 not alter the stream of revenue such that the transferring hospital will  
16 still receive the net revenue for services performed at the recipient  
17 hospital; and

18 (3) the transferring hospital will maintain medical control of the  
19 program such that physicians and other specialists who perform  
20 cardiac surgery services at the transferring hospital will have the  
21 opportunity to perform cardiac surgery at the recipient hospital.

22 b. The transfer of services pursuant to this act shall be exempt from  
23 any certificate of need requirements under P.L.1971, c.136 (C.26:2H-1  
24 et seq.) and shall result in the automatic reassignment of licensure  
25 from the transferring facility to the recipient facility.

26 c. Upon relocating cardiac surgery services pursuant to this act, the  
27 transferring hospital shall certify to the Department of Health and  
28 Senior Services that the transfer is in compliance with the provisions  
29 of subsection a. of this section.

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31 4. a. Notwithstanding the provisions of section 7 of P.L.1971,  
32 c.136 (C.26:2H-7) to the contrary, the Commissioner of Health and  
33 Senior Services shall, no later than 30 days after the effective date of  
34 this act, allow the relocation of established cardiac surgery services  
35 from one acute care hospital in Morris county to another acute care  
36 hospital in Union county, if:

37 (1) both the transferring hospital and the recipient hospital are  
38 components of a bona fide integrated delivery system;

39 (2) the transfer of services with the integrated delivery system will  
40 not alter the stream of revenue such that the transferring hospital will  
41 still receive the net revenue for services performed at the recipient  
42 hospital; and

43 (3) the transferring hospital will maintain medical control of the  
44 program such that physicians and other specialists who perform  
45 cardiac surgery services at the transferring hospital will have the  
46 opportunity to perform cardiac surgery at the recipient hospital.

1 b. The transfer of services pursuant to this act shall be exempt from  
2 any certificate of need requirements under P.L.1971, c.136 (C.26:2H-1  
3 et seq.) and shall result in the automatic reassignment of licensure  
4 from the transferring facility to the recipient facility.

5 c. Upon relocating cardiac surgery services pursuant to this act, the  
6 transferring hospital shall certify to the Department of Health and  
7 Senior Services that the transfer is in compliance with the provisions  
8 of subsection a. of this section.

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10 5. This act shall take effect immediately.

### 11 12 13 STATEMENT 14

15 This bill requires that the Commissioner of Health and Senior  
16 Services grant a license to an acute care hospital located in Ocean  
17 county for the provision of adult cardiac surgery services, subject to  
18 the following provisions:

19 -- the hospital shall have been a provider of cardiac catheterization  
20 services for a minimum of three years prior to the effective date of the  
21 bill and shall have met the minimum utilization criteria established by  
22 the Department of Health and Senior Services for the continued  
23 provision of these services;

24 -- the hospital shall have provided not less than 1,000 total cardiac  
25 catheterization procedures in 1996, including both inpatient and  
26 outpatient procedures; and

27 -- the hospital shall not deny access to invasive cardiac  
28 catheterization or adult cardiac surgical services to any clinically  
29 suitable person on the basis of that person's diagnosis, race, religion,  
30 gender or ability to pay.

31 In addition, the bill requires the Commissioner of Health and Senior  
32 Services to allow the relocation of established cardiac surgery services  
33 from one acute care hospital to another within Essex county, and  
34 between Morris and Union counties, respectively, if:

35 -- both the transferring hospital and the recipient hospital are  
36 components of a bona fide integrated delivery system;

37 -- the transfer of services with the integrated delivery system will  
38 not alter the stream of revenue such that the transferring hospital will  
39 still receive the net revenue for services performed at the recipient  
40 hospital; and

41 -- the transferring hospital will maintain medical control of the  
42 program such that physicians and other specialists who perform  
43 cardiac surgery services at the transferring hospital will have the  
44 opportunity to perform cardiac surgery at the recipient hospital.

45 The transfer of services pursuant to this bill shall be exempt from

1 any certificate of need requirements under P.L.1971, c.136 (C.26:2H-1  
2 et seq.) and shall result in the automatic reassignment of licensure  
3 from the transferring facility to the recipient facility.

4 Upon the relocation of cardiac surgery services pursuant to this bill,  
5 the transferring hospital shall certify to the Department of Health and  
6 Senior Services that the transfer is in compliance with the provisions  
7 of this bill.

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12 Exempts certain hospitals from certificate of need for cardiac surgery.