

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### SENATE, No. 2169

# STATE OF NEW JERSEY

DATED: JUNE 19, 1997

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2169.

Senate Bill No. 2169 requires the State to waive Essex county's repayment to the State of \$12 million. This obligation occurred as a result of lawsuits which held favorable rulings for the county in connection with the maintenance costs for indigent mentally ill patients and developmentally disabled federal Medicaid and Medicare recipients residing in State institutions.

In January, 1989, Essex county brought a lawsuit against the Commissioner of Human Services, which challenged the State's practice of retaining 50% of maintenance payments received in the form of Social Security benefits on behalf of indigent patients with Essex county settlements who reside in State institutions. The county maintained that this practice violated N.J.S.A.30:4-60. The trial court ruled in the county's favor and ordered the State to disburse 100% of those receipts to the credit of Essex county, retroactive to January 1, 1980. Essex county proceeded to take credits on the monthly billings for its share of the cost of patients in State institutions. On appeal, the Appellate Division in County of Essex v. Waldman, 244 N.J. Super. 647 (App. Div.1990) (hereafter Essex I), upheld the favorable ruling for the county, but limited the retrospective effect to the date of the filing of the complaint, January 25, 1989. In denying retroactive relief, the court considered the negative impact which the 10-year retroactive order would have on the State's budget.

In April, 1989, Essex county filed another suit charging that the county had been wrongfully charged for maintenance costs of persons in State institutions and facilities for the developmentally disabled in cases where the State had received federal Medicaid and Medicare benefits for those persons, in violation of N.J.S.A.30:4-68.1. The trial court ruled in favor of the county, made the ruling retroactive to March 30, 1989, and allowed a credit of \$4 million, pending a final accounting. This decision was affirmed by the Appellate Division in County of Essex v. Com'r DHS, 252 N.J. Super. 1, (App. Div. 1991). Again, the county proceeded to take credits against maintenance billings.

Subsequently, other counties also were eligible for credits.

This bill would avoid the negative impact on Essex county's budget

by waiving the \$12 million repayment to the State.

As reported, this bill is identical to Assembly Bill No. 3065 (Weingarten/O'Toole).

**FISCAL IMPACT:**

This bill requires the State to waive Essex county's repayment to the State of \$12 million resulting from credits taken by the county, pursuant to court orders, on charges to the county from the State for maintenance costs for mentally ill patients and developmentally disabled federal Medicaid and Medicare recipients in State institutions.