

SENATE HEALTH COMMITTEE

STATEMENT TO

SENATE, No. 2226

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 11, 1997

The Senate Health Committee reports favorably and with committee amendments Senate Bill No. 2226.

As amended by the committee, this bill amends the "New Jersey Health Care Facilities Financing Authority Law," P.L.1972, c.29 (C.26:2I-1 et seq.), which established the New Jersey Health Care Facilities Financing Authority (NJHCFFA), to expand the range of health care organizations and projects eligible for financing from the NJHCFFA.

In order to reflect the changing nature of health care delivery, the bill permits the NJHCFFA to provide financing for health care organizations or components thereof without regard to: (1) whether the organization or component is a direct deliverer of health care services, or (2) its corporate tax status. The bill expands the definition of "health care organization" in P.L.1972, c.29 to include any organization or related entity authorized or permitted by law to provide health care services. This will permit the NJHCFFA to provide financing for all components of an integrated health care delivery system, including working capital, operating leases and reimbursement of construction and equipment acquisition.

The bill also deletes the requirement that the Commissioner of Health and Senior Services approve costs for those portions of projects which do not require a certificate of need from the Department of Health and Senior Services (DHSS).

The bill repeals Sections 6 and 26 of P.L.1972, c.29 (C.26:2I-6 and C.26:2I-26, respectively) which require prior DHSS approval of: (1) the estimated project cost of construction or rehabilitation by the NJHCFFA of any project or hospital facility to be leased to a hospital; and (2) plans, specifications and location of each hospital undertaken by the NJHCFFA for DHSS or under DHSS control or any public hospital undertaken by the NJHCFFA, respectively.

Finally, the bill clarifies and updates definitions and terminology in the statute to conform its language to current titles and names of State departments and offices.

The committee amended the bill to:

- C add assisted living, hospice and health maintenance organization services to the list of services specified in the definition of health care organization in section 3 of the bill;
- C delete the requirement that an integrated delivery system as defined in section 3 must include an acute care hospital;
- C stipulate that the provisions of the "New Jersey Health Care Facilities Financing Authority Law" shall not be construed to require a health care organization which is seeking to finance a project to obtain financing from the NJHCFFA; and
- C also stipulate that the authority shall not enter into a credit agreement with a health care organization that does not qualify as a nonprofit entity under Title 15A of the New Jersey Statutes unless: a. the borrowing is a part of a larger plan of financing for an organization that qualifies as a nonprofit entity, or b. the health care organization has provided the authority with certification that it has sought financing directly from a banking institution or other licensed lending institution which is not a government entity or authority, and in good faith, is unable to obtain financing on terms acceptable to the borrower unless the financing is completed through the authority.