

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2358

STATE OF NEW JERSEY

DATED: DECEMBER 15, 1997

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2358.

Senate Bill No. 2358 provides funding for the remaining six months of fiscal year 1998 and each fiscal year thereafter for the following health care programs:

- C Charity care subsidies to hospitals (through the Health Care Subsidy Fund in the Department of Health and Senior Services) - at \$320 million each year, using the methodology and requirements established in P.L.1996, c.28, except that the program will now be budgeted on the basis of the State fiscal year rather than a calendar year;
- C The Hospital Relief Fund (in the Division of Medical Assistance and Health Services in the Department of Human Services), which provides subsidies to hospitals that provide a high percentage of care to patients with HIV, mental illness, tuberculosis, substance abuse and addiction or neonatal complexity - at \$101.5 million in State funds each fiscal year, matched annually by \$101.5 million in federal funds;
- C The Health Access New Jersey subsidized health insurance program - at \$20 million each fiscal year; and
- C Children's health care coverage provided pursuant to Title XXI of the federal Social Security Act - at \$23.8 million for the balance of fiscal year 1998 and \$47.6 million in fiscal year 1999. These funds will be matched by \$44 million in federal funds in fiscal year 1998 and \$88 million in federal funds in fiscal year 1999. The bill provides that an amount be appropriated for each succeeding fiscal year that is sufficient to provide the State match for the maximum amount of federal funding available to New Jersey for this purpose.

In addition, the Experience Rating Tax Table is changed to provide that if the Unemployment Trust Fund Reserve Ratio calculated prior to July 1, 1998 reaches 4.5% or greater, the column A tax rates will apply to employer taxes. The current Unemployment Trust Fund Reserve Ratio, which was calculated prior to July 1, 1997, is 5.25%.

FISCAL IMPACT

The bill provides a total of \$489.1 million in funding for the health

care programs described above while reducing the current reliance on diversions of unemployment insurance (UI) contributions to fund health care for low income persons. A companion bill provides that the first \$155 million collected from the cigarette and other tobacco products taxes (which are increased in that companion bill) will be deposited each year in the Health Care Subsidy Fund. Also, this bill provides that for the remainder of fiscal year 1998, \$42.9 million in General Fund revenues will be deposited in the Health Care Subsidy Fund for the health care programs. In subsequent years, General Fund contributions will increase to offset the decrease in funds from employer and employee unemployment insurance contributions. The portion of unemployment insurance fund contributions going to charity care will decrease and be phased out over a five calendar year period, from \$288 million in calendar year 1998 to \$233.9 million in 1999, \$178.6 million in 2000, \$94.9 million in 2001 and \$66.5 million in 2002.