

**SENATE BILL NO. 2758**

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Bill No. 2758 with my recommendations for reconsideration.

The bill establishes a five-year County Option Hospital Fee Pilot Program (the "Pilot" or "program"), intended to expand federal Medicaid investment to increase financial support to local hospitals that provide services to low-income individuals and provide participating counties with new fiscal resources. The bill accomplishes this goal by permitting seven participating counties to craft, with the approval of the Commissioner of Human Services and the Centers for Medicare & Medicaid Services ("CMS"), a local health care-related fee on hospitals within their borders.

While I applaud the efforts of the bill's sponsors to secure additional federal match dollars through this innovative program, I also hope to encourage the equitable distribution of funds amongst the hospitals in the State. Therefore, I recommend the bill be amended to require the Department of Human Services to adopt rules further defining the contours of the program to create a consistent approach and promote greater transparency in the process. The Department's oversight will also help ensure that the money collected through the Pilot is fairly distributed. I also recommend that a portion of the proceeds from the assessment be dedicated to the continued administration of the program, and further recommend an increase in the percentage of proceeds that must be used for the benefit of hospitals under the program. These improvements will allow for a more viable Pilot that can meet CMS requirements.

Accordingly, I herewith return Senate Bill No. 2758 and recommend that it be amended as follows:

- Page 3, Section 3, Line 11: After "s.433.68(f)." insert "The commissioner shall further review the proposed fee and expenditure report to determine whether it complies with relevant rules and regulations."
- Page 3, Section 3, Line 30: Delete "." and insert ", and shall be subject to a cap as determined by the commissioner."
- Page 3, Section 3, Line 38: Insert new section:  
"f. Any subsequent alterations to the fee are subject to the approval of the commissioner prior to implementation. Upon approval, the commissioner shall apply for such State plan amendments or waivers as may be necessary to implement the changes and to secure federal financial participation for State Medicaid expenditures under the federal Medicaid program."
- Page 4, Section 4, Line 18: Delete "75" and insert "90"
- Page 4, Section 4, Line 20: Delete "or local hospital-related providers"
- Page 4, Section 4, Line 22: Delete "or hospital-related providers"
- Page 4, Section 4, Line 23: After "citizens." insert "The participating counties shall transfer at least one percent of funds collected from the imposition of the fee to the Department for administration of the program."
- Page 5, Line 8: Insert new section:  
"7. The commissioner shall promulgate, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et 11 seq.), rules and regulations necessary for the implementation of this act which shall include appropriate methodologies for the county proposed fee and expenditure report. Participating counties shall not submit the proposed fee and expenditure plan to the Department prior to the adoption of rules and regulations."
- Page 5, Section 7, Line 9: Delete "7." and insert "8."

Page 5, Section 7, Line 9:

Delete "immediately, subject to such actions by the federal government as are necessary to effectuate the purposes of this act" and insert "on the 180th day after the date of enactment"

Page 5, Section 7, Line 11:

After "date." insert "All proposed fee and expenditure plans are subject to both approval of the commissioner and such actions by the federal government as are necessary to effectuate the purposes of this act."

[seal]

Respectfully,

/s/ Philip D. Murphy

Governor

Attest:

/s/ Matthew J. Platkin

Chief Counsel to the Governor