

June 28, 2024

**LEGAL NOTICE
STATE OF NEW JERSEY
DEPARTMENT OF HEALTH
OFFICE OF HEALTH CARE FINANCING
DEPARTMENT OF HUMAN SERVICES
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES HEALTH
CARE SUBSIDY FUND PAYMENTS**

TAKE NOTICE: the New Jersey Department of Health (DOH), in coordination with the New Jersey Department of Human Services (DHS), Division of Medical Assistance and Health Services (DMAHS) intends to seek any required approval from the United States Department of Health and Human Services (HHS), Centers for Medicare and Medicaid Services (CMS), for an amendment to the New Jersey Medicaid (Title XIX) State Plan, in order to implement the following subject to the passage of State Fiscal Year 2025 (SFY 25) budget provisions for the period July 1, 2024 through June 30, 2025.

Hospital Reimbursement for Charity Care

Notwithstanding the provisions of any law or regulation to the contrary, the distribution of charity care subsidy payments shall be calculated using the following methodology:

(1) each hospital shall be ranked in order of its hospital-specific, relative charity care percentage, or RCCP, based on the submitted 2022 Acute Care Hospital (ACH) Cost Reports, by dividing the amount of hospital-specific gross revenue for charity care patients by the hospital's total gross revenue for all patients;

(2) the ten hospitals with the highest RCCP shall receive a charity care payment equal to 40 percent of each hospital's hospital-specific reimbursed documented charity care, except that such a hospital with an operating margin less than or equal to -15 percent shall receive a Charity Care reimbursement equal to 50 percent of their hospital-specific documented Charity Care, with operating margins being calculated using 2022 audited ACH cost reports with a numerator of Form L3, Line 34 minus Line 12, and a denominator of Form L3, Line 15 minus Line 12 minus Line 31;

(3) notwithstanding the provisions of clause (2), the hospital with the highest hospital-specific reimbursed documented charity care in calendar year (CY) 2022 located in each of the ten municipalities in the State containing a hospital, with the lowest median annual household income according to the 2022 5-Year American Community Survey, shall receive a charity care payment equal to 30 percent of its hospital-specific reimbursed documented charity care;

(4) an acute care hospital that is deemed to be a Disproportionate Share Hospital (DSH), according to §1923(b) of the Social Security Act, as reported in Medicaid

State Plan Rate Year ended June 30, 2018, shall also receive 30 percent of its CY 2022 hospital-specific documented charity care; and

(5) a specialty heart hospital shall also receive 30 percent of its CY 2022 hospital-specific documented charity care. Any hospital that meets more than one of the categories pursuant to this paragraph shall only receive a Charity Care subsidy equal to the percentage of documented charity care that is the highest.

Please note that the Charity Care calculation methodology is subject to change based upon the final enacted SFY 25 budget language.

This Notice is intended to satisfy the requirements of Federal statutes and regulations, specifically 42 CFR 447.205, and 42 U.S.C. 1396a(a)(13). A copy of this Notice is available for public review at the Medical Assistance Customer Centers, County Welfare Agencies, and DHS' website at the following website address: <http://www.state.nj.us/humanservices/providers/grants/public/index.html>. Comments or inquiries must be submitted in writing within 30 days of the date of this notice to:

Department of Health
Office of Legal & Regulatory Compliance
Attention: Kimberly Jenkins
P.O. Box 360
Trenton, New Jersey 08625
E-mail: Kimberly.Jenkins@doh.nj.gov