

February 4, 2021

**SENATE BILL NO.3252
(First Reprint)**

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Bill No. 3252 (First Reprint) with my recommendations for reconsideration.

This bill would revise the County Option Hospital Fee Pilot Program ("Pilot"), established pursuant to P.L.2018, c.136. The five year Pilot is intended to expand federal Medicaid investment 1) to increase financial support to local hospitals providing services to low-income individuals, and 2) to provide participating counties with new fiscal resources. The law accomplishes this goal by permitting seven participating counties to craft, with the approval of the Commissioner of the Department of Human Services ("DHS") and the Centers for Medicare & Medicaid Services ("CMS"), a local health care-related fee on hospitals within their borders.

Senate Bill No. 3252 (First Reprint) would revise the duration of the Pilot to expire five years after each participating county has collected a health-care related fee, rather than five years after the Pilot's enactment into law, when the Pilot is currently scheduled to expire. The bill also would add a provision to the Pilot law that would hold a participating county harmless for any amount of the health care-related fee that a hospital within its jurisdiction fails to pay in a timely manner.

I applaud the sponsors of this bill for rightly identifying that an extension of the Pilot is warranted. The extension provided for in this bill will ensure that the Pilot runs for five full years, as intended.

I am, however, recommending a minor revision to the bill that would hold the State, as well as the counties, harmless for any payments that are not made by hospitals in participating counties. Enhanced Medicaid payments to hospitals in the participating counties

are established prospectively at the time when DHS seeks and receives approval of the Pilot from CMS. As a result, if a hospital fails to pay the full fee to a county, and the amount transferred to DHS is less than agreed upon, the difference would need to be made up with State dollars. My suggested revisions would afford DHS the ability to recover any such amount from delinquent hospitals by specifying that the State will not be held liable for a hospital's failure to pay.

Accordingly, I herewith return Senate Bill No. 3252 (First Reprint) and recommend that it be amended as follows:

Page 3, Section 1, Line 24: After "g." delete "A" and insert "Neither the State nor a"

Page 3, Section 1, Line 24: Delete "not"

Respectfully,

[seal]

/s/ Philip D. Murphy

Governor

Attest:

/s/ Parimal Garg

Chief Counsel to the Governor