

HEALTH

HEALTH SYSTEMS BRANCH

OFFICE OF HEALTH CARE FINANCING

Adjusted Admission Assessment

Proposed Amendment: N.J.A.C. 8:31B-3.66

Authorized By: Judith M. Persichilli, R.N., B.S.N., M.A., Commissioner, Department of Health, with the approval of the Health Care Administration Board.

Authority: N.J.S.A. 26:2H-1 et seq., especially 26:2H-18.57.

Calendar Reference: See summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2023-045.

Submit written comments by August 4, 2023, electronically to

<http://www.nj.gov/health/legal/ecomments.shtml> or by regular mail postmarked by

August 4, 2023, to:

Joy L. Lindo, Director

Office of Legal and Regulatory Compliance

Office of the Commissioner

New Jersey Department of Health

PO Box 360

Trenton, NJ 08625-0360

The agency proposal follows:

Summary

N.J.S.A. 26:2H-18.57 obliges the Department of Health (Department) to assess each hospital a charge per adjusted admission, and to establish an annual payment schedule and reporting requirements. Existing N.J.A.C. 8:31B-3.66, Adjusted admission assessment, implements these requirements, as applicable, to general acute care and specialty heart hospitals, which the Department licenses pursuant to the Health Care Facilities Planning Act, N.J.S.A. 26:2H-1 et seq.

P.L. 2018, c. 116 (approved August 24, 2018), amended Section 7 at N.J.S.A. 26:2H-18.57 to make the assessment applicable to rehabilitation and long-term acute care hospitals, retroactively, effective as of July 1, 2018 (2018 amendment). Pursuant to the rulemaking authority at N.J.S.A. 26:2H-18.57, the Department proposes to amend existing N.J.A.C. 8:31B-3.66 to implement the 2018 amendment.

The Department proposes to amend subsection (a) to make the assessment apply to rehabilitation and long-term acute care hospitals, in addition to its existing application to general acute care and specialty heart hospitals. The Department proposes to delete existing subsection (b) because it is redundant of the definition of the term “adjusted admissions” at N.J.A.C. 8:31B-1.2, Definitions. The Department proposes to recodify existing subsection (c) as new subsection (b) and to amend the subsection to improve readability. Proposed new subsection (c) would require rehabilitation and long-term acute care hospitals to submit annual revenue and admissions data using the Admission and Revenue Report Form (known as the “ARR Form”). The subsection would also indicate that the ARR Form and instructions are available on the Department’s website and provide a direct link. Proposed new

subsection (d) would impose a 15 percent increase in the total assessment on rehabilitation and long-term acute care hospitals for failure to submit the information required by the stated due date, which is consistent with the existing 15 percent increase for general acute care and specialty hospitals. Proposed new subsection (e) would establish submission modalities for all hospitals, which would include the Department's approved web-based portal, electronic mail, hand-delivery or overnight delivery, and regular mail.

As the Department has provided a 60-day comment period on this notice of proposal, this notice is excepted from the rulemaking calendar requirement at N.J.A.C. 1:30-3.3(a)5.

Social Impact

The proposed amendment would fulfill the Department's rulemaking obligation pursuant to the 2018 amendment by establishing assessment requirements applicable to rehabilitation hospitals and long-term acute care hospitals, in addition to general and specialty heart hospitals, to ensure adequate funding for the supplemental funding pool known as Safety Net Graduate Medical Education (GME). The proposed amendment would also establish important hospital financial reporting obligations that are critical to ensuring that the Department is aware of the overall financial health of general and specialty hospitals, as well as rehabilitation and long-term acute care hospitals and able to act proactively in the event of financial distress or insolvency.

Economic Impact

The Department expects that the proposed amendment would have an economic impact on rehabilitation and long-term acute care hospitals by making them subject to

the assessment and reporting obligations on par with general acute care and specialty heart hospitals, as the Summary describes. Based upon the current year projections, the assessment is projected to be approximately \$15.7 million for general acute care and specialty heart hospitals (note — there were 71 total, but now 70 due to the closure of St. Francis Medical Center), and another approximately \$223,000 for rehabilitation and long-term care acute hospitals (note — there are 28 total). The assessment amounts vary considerably from hospital to hospital as it is based on volume, so the Department cannot meaningfully provide an average cost to an individual hospital. As this assessment is specific to hospitals and does directly correlate to patient care, the Department does not anticipate that patients of these facilities would be affected in any way or realize an economic impact. The Department would incur administrative costs to administer and enforce the collection of the assessment and the receipt and review of reports.

Federal Standards Statement

There are no Federal standards applicable to the proposed amendments. The Department is not proposing the amendments pursuant to the authority of, or to implement, comply with, or participate in a program established pursuant to, Federal law or a State law that incorporates or refers to a Federal law, standard, or requirement. The Department proposes the amendment pursuant to N.J.S.A. 26:2H-18.57, as modified by the 2018 amendment. Therefore, a Federal standards analysis is not required.

Jobs Impact

The Department does not expect that the proposed amendment would result in the creation or loss of jobs in the State of New Jersey.

Agriculture Industry Impact

The proposed amendment would have no impact on the agriculture industry of the State of New Jersey.

Regulatory Flexibility Statement

The proposed amendment would establish requirements that only apply to hospitals, none of which is a “small business” within the meaning of the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. Therefore, the proposed amendment would impose no requirements on small businesses, and no regulatory flexibility analysis is necessary.

Housing Affordability Impact Analysis

The proposed amendment would have no impact on the affordability of housing in New Jersey and would not evoke a change in the average costs associated with housing because the proposed amendment would only address the adjusted admission assessment for hospitals and would not affect housing costs.

Smart Growth Development Impact Analysis

The proposed amendment would have no impact on the achievement of smart growth and would not evoke a change in housing production in Planning Areas 1 or 2, or within designated centers, pursuant to the State Development and Redevelopment Plan in New Jersey because the proposed amendment would only address the adjusted admission assessment for hospitals and would not affect housing development.

Racial and Ethnic Community Criminal and Public Safety Impact

The Department has evaluated this rulemaking and determined that it will not have an impact on pretrial detention, sentencing, probation, or parole policies concerning adults and juveniles in the State. Accordingly, no further analysis is required.

Full text of the proposal follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

SUBCHAPTER 3. FINANCIAL MONITORING AND REPORTING

8:31B-3.66 Adjusted admission assessment

(a) [A] **The Department annually shall assess each general and specialty heart hospital a charge of \$10.00 per adjusted admission**[, as defined by the American Hospital Association, for each adjusted admission] in the most recent complete calendar year [shall be assessed annually] on a [calendar year] **calendar-year** basis [for each general hospital and each specialty heart hospital].

[(b) An adjusted admission, as defined by the American Hospital Association, means admissions multiplied by total gross revenue divided by inpatient gross revenue.]

1. Effective July 1, 2018, the Department annually shall assess each rehabilitation and long-term acute care hospital a charge of \$10.00 per adjusted admission in the most recent complete calendar year on a calendar-year basis.

[(c)] (b) [In the event that] **If a general hospital or specialty heart hospital**, which fails to] **does not** submit the most recent Acute Care Hospital Cost Report, **as defined at N.J.A.C. 8:31B-4.131, by the due [on] date of** June 30 of each year, **pursuant to N.J.A.C. 8:31B-4.6**, [has not submitted that report] **and** prior to the Department's

calculation of the assessment for the following year, the Department shall use the hospital's most recent assessment, increased by 15 percent, for the calculation of the following year's assessment.

(c) Effective July 1, 2018, each rehabilitation and long-term acute care hospital, on an annual basis, shall submit revenue and admissions data using the Admissions and Revenue Report Form (known as the “ARR Form”), by July 31 of each year.

1. N.J.A.C. 8:31B-4.16, 4.64, and 4.65 identify the required revenue and admissions financial elements data that rehabilitation and long-term acute care hospitals are to report by means of the ARR, which are total admissions, skilled nursing facility (SNF) admissions, other admissions, inpatient revenue, outpatient revenue, SNF revenue, mobile intensive care unit (MICU) revenue, and services not related to patient care (SNRPC) revenue.

2. The ARR Form and instructions are available on the Department’s website at <https://www.nj.gov/health/forms>.

(d) If a rehabilitation or long-term acute care hospital does not submit the information required pursuant to (c) above by the due date of July 31 of each year and prior to the Department's calculation of the assessment for the following year, the Department shall use the hospital's most recent assessment, increased by 15 percent, for the calculation of the following year's assessment.

(e) For purposes of annual data submission required pursuant to this section, all hospitals shall submit the revenue and admissions data using one of the following methods, in the following order of preference:

1. Using the Department's approved web-based portal, which is available on the Department's website at: <https://www.nj.gov/health/hcf/financial-reports/index.shtml>.

2. By electronic mail (email) to gmesa@doh.nj.gov.

3. By regular mail to:

Hospital Financial Reporting Unit

Office of Health Care Financing

NJ Department of Health

55 North Willow Street, 5th Floor

PO Box 360

Trenton, NJ 08625-0360

4. By hand-delivery or overnight delivery service to:

Hospital Financial Reporting Unit

Office of Health Care Financing

NJ Department of Health

55 North Willow Street, 5th Floor

Trenton, NJ 08608