

[First Reprint]

SENATE, No. 4291

STATE OF NEW JERSEY
222nd LEGISLATURE

INTRODUCED MAY 14, 2026

Sponsored by:

Senator RAJ MUKHERJI

District 32 (Hudson)

SYNOPSIS

Establishes process to judicially appoint receiver to administer closed hospital.

CURRENT VERSION OF TEXT

As reported by the Senate Health, Human Services and Senior Citizens Committee on October 5, 2026, with amendments.



1 AN ACT concerning hospital closures, and supplementing Title 26
2 of the Revised Statutes.

3
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6
7 1. a. The Legislature finds and declares that:

8 (1) Many residents of New Jersey living in urban areas receive
9 their health care at acute care general hospitals located in their
10 community. Their life, safety, health, and welfare is largely
11 dependent upon that care remaining affordable and accessible at
12 such facilities.

13 (2) The certificate of need (CN) process is designed to protect
14 the role that urban hospitals play in the Statewide health care
15 system, and to guard against the closing of such facilities and the
16 transfer of services in a manner which is harmful to the public
17 interest.

18 (3) Pursuant to State law and Department of Health regulations,
19 if the Commissioner of Health determines that a hospital is in
20 financial distress, the commissioner may appoint a monitor to assist
21 in resolving such distress through methods including, but not
22 limited to, the provision of State stabilization grants in
23 extraordinary circumstances. However, the voluntary closure of a
24 hospital requires a full review through the CN process.

25 (4) Nevertheless, it is necessary in order to protect the public
26 welfare and the health care services of residents of such urban
27 communities to establish a summary statutory procedure in the
28 event that the licensee of an acute care general hospital closes such
29 facility or discontinues an essential service provided at such facility
30 in violation of the CN requirement.

31 b. As used in this section:

32 ¹**[(1)]**¹ “Commissioner” has the definition set forth in section 2
33 of P.L.1971, c.136 (C.26:2H-2).

34 ¹**[(2)]**¹ “Department” has the definition set forth in section 2 of
35 P.L.1971, c.136 (C.26:2H-2).

36 ¹**[(3)]**¹ “Health care service” has the definition set forth in
37 section 2 of P.L.1971, c.136 (C.26:2H-2).

38 ¹**[(4)]**¹ “Licensee” means the holder or holders of a license to
39 operate a general hospital pursuant to P.L.1971, c.136 (C.26:2H-1
40 et seq.).

41 ¹**[(5)]**¹ “Person” means an individual, corporation, company,
42 association, society, firm, limited liability company, limited
43 liability partnership, partnership, joint stock company, or any other
44 legal entity, however organized.

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SHH committee amendments adopted October 5, 2026.

1 c. Whenever the ¹**['Commissioner]** commissioner¹ finds that a
2 general hospital has closed without first having obtained a
3 certificate of need authorizing the closure, or is in imminent threat
4 of closure but has not applied for a certificate of need to authorize
5 closure, the ¹**['Commissioner]** commissioner¹ shall notify the
6 Attorney General and the governing body of the municipality in
7 which the hospital is located.

8 Upon such finding and notice, the ¹**['Department]** department¹,
9 the Attorney General, or the municipality shall each have standing
10 to bring a civil action in the Superior Court for an order directing
11 the appointment of a receiver to maintain the operation of the
12 hospital and all health care services being provided at such hospital.
13 If the action is not brought by the ¹**['Department]** department¹, the
14 ¹**['Department]** department¹ shall be served with a copy of the
15 complaint. An action brought pursuant to this subsection shall be
16 heard by the court within three ¹calendar¹ days ¹of the filing of such
17 an action¹ .

18 d. A complaint filed pursuant to subsection c. of this section
19 shall:

20 (1) Set forth all material facts showing that the licensee has
21 closed or imminently threatens to close the hospital, or has
22 discontinued essential health care services, without filing an
23 application for a certificate of need or without completing the
24 certificate of need process;

25 (2) Certify that the facts set forth pursuant to paragraph (1) of
26 this subsection have been brought to the attention of the licensee
27 and all persons with a financial interest in the hospital, but the
28 health care services have not been restored;

29 (3) Set forth a brief description of what is necessary to reopen or
30 prevent the closure of the hospital, together with an estimate of the
31 costs required; and

32 (4) State the relief sought, including, but not limited to, the
33 appointment of a receiver.

34 e. It shall be an affirmative defense to a complaint filed pursuant
35 to subsection c. of this section that the licensee has filed an
36 application for a certificate of need, and has restored all previously
37 discontinued health care services pending a determination by the
38 ¹**['Commissioner]** commissioner¹.

39 f. Upon a finding of the need for emergent relief, the court may
40 appoint a receiver to immediately assume the powers set forth in
41 subsections g. and h. of this section. The receiver shall be a person
42 approved by the ¹**['Department]** department¹, except that no person
43 who holds a financial interest in the licensee, or any family member
44 of such person, shall be appointed as the receiver.

45 g. The receiver, upon appointment, may either assume the role
46 of the administrator or manager of the licensee and take control of
47 all operations, or direct the current administrator or manager to

1 restore and maintain all previously discontinued health care
2 services. The receiver is authorized to continue the business of the
3 hospital and maintain the care of its patients in all aspects, and to do
4 all acts necessary or appropriate to conserve the property and assets
5 of the hospital, to promote the health, safety, and welfare of its
6 patients, and to implement the orders of the court. If the receiver
7 determines that the hospital is in financial distress which may
8 necessitate closure, the receiver shall file an application for a
9 certificate of need with the ¹**【Department】** department¹. ¹A
10 receiver appointed pursuant to this section shall file all inventories
11 and reports as required by and in accordance with the Rules of
12 Court. A receiver, owner or licensee may make a motion to
13 terminate the receivership on grounds that the conditions
14 complained of have been eliminated or remedied. The court may
15 immediately terminate the receivership, or terminate the
16 receivership subject to such terms as the court feels necessary or
17 appropriate to prevent the condition or conditions complained of
18 from recurring.¹

19 h. The court shall allow from the revenues of the hospital a
20 reasonable amount of compensation for the services and
21 expenditures of the receiver appointed pursuant to this section. The
22 receiver may be required to furnish a bond in an amount and form
23 as directed by the court. The cost of such bond shall be paid jointly
24 and severally by such persons found to have caused the licensee to
25 violate any requirements concerning the certificate of need.

26
27 2. This act shall take effect immediately.