



FISCAL YEAR *2022-2023*



ANALYSIS OF THE NEW JERSEY BUDGET

*DEPARTMENT OF
HEALTH*

*Prepared by the
New Jersey Legislature*
★ *Office of* LEGISLATIVE SERVICES ★

April 2022

NEW JERSEY STATE LEGISLATURE

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This report was prepared by the Human Services Section of the Office of Legislative Services
under the direction of the Legislative Budget and Finance Officer.

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DEPARTMENT OF HEALTH

Budget Pages..... C-5, C-11, C-12, C-18 to C-20, C-24,
D-143 to D-168, G-3, H-11

The data presented in this Office of Legislative Services Budget Analysis reflect 12-month fiscal years beginning on July 1 and ending on June 30 of the subsequent year.

Fiscal Summary (\$000)

	Expended FY 2021	Adjusted Appropriation FY 2022	Recommended FY 2023	Percentage Change 2022-23
State Budgeted	\$1,027,454	\$1,186,907	\$1,100,296	(7.3%)
Federal Funds	930,723	726,166	726,979	0.1%
<u>All Other Funds</u>	<u>495,542</u>	<u>608,024</u>	<u>598,445</u>	<u>(1.6%)</u>
Grand Total	\$2,453,719	\$2,521,097	\$2,425,720	(3.8%)

Personnel Summary - Positions By Funding Source

	Actual FY 2021	Revised FY 2022	Funded FY 2023	Percentage Change 2022-23
State	4,645	4,500	4,615	2.6%
Federal	390	545	562	3.1%
<u>All Other</u>	<u>357</u>	<u>351</u>	<u>378</u>	<u>7.7%</u>
Total Positions	5,392	5,396	5,555	2.9%

FY 2021 (as of December) and revised FY 2022 (as of January) personnel data reflect actual payroll counts. FY 2023 data reflect the number of positions funded.

Link to Website: <https://www.njleg.state.nj.us/budget-finance/governors-budget>

Highlights

- Proposed FY 2023 appropriations for the department from all funding sources decrease by \$95.4 million, or 3.8 percent, compared with FY 2022 funding levels.
- Recommended State appropriations are \$86.6 million lower than in the current fiscal year. But after factoring in the intended return to the General Fund of an unneeded \$100.1 million that was appropriated in FY 2022, State appropriations are recommended to be \$13.5 million higher in FY 2023 than in the current fiscal year.
- Adjusting for the intended return to the General Fund of unneeded FY 2022 appropriations, the State General Fund support for the Health Care Subsidy Fund would increase by \$19.9 million, from \$21.1 million in FY 2022 to \$41.0 million in FY 2023.
- The Executive proposes a \$10.0 million reduction in State funding for Charity Care payments to hospitals in FY 2023, while retaining the distribution formula for the program, with an update in certain source data. Therefore, any change in a hospital's allocation is attributable to the reduced Charity Care appropriation and the use of updated source data in the calculation, rather than any policy change. Of note, hospital-specific source data are not recommended to be updated by one year, as has been customary in recent years, but are to remain the same as used in FY 2022.
- The Governor recommends funding the operations of the State's four psychiatric hospitals at \$418.9 million in FY 2023, some \$3.1 million more than in the current fiscal year. Of this gross amount from all funding sources, State funds would account for \$356.9 million, an increase of \$2.7 million over FY 2022.
- With the anticipated end of the federal Public Health Emergency declared in response to the COVID-19 pandemic, the federal government would no longer provide an enhanced federal match for eligible State Medicaid or Children's Health Insurance Program expenditures. The Governor's proposed FY 2023 Budget includes an additional \$6.8 million in State funding to replace enhanced FY 2022 federal matching funds for the Early Childhood Intervention Program and for the State's four psychiatric hospitals.
- The Governor's FY 2023 Budget eliminates or reduces \$26.7 million in grant funding for various initiatives that received State support in FY 2022, including: the Regional Coordinator Hospitals (\$9.0 million); the Robert Wood Johnson University Hospital Mobile Health Service (\$5.0 million); the pediatric inpatient behavioral health program at the Hackensack Meridian Carrier Clinic (\$5.0 million); and the Salem Medical Center's pilot program to provide specialized behavioral health services to adults with intellectual or developmental disabilities (\$4.9 million).
- To implement the Strategic Plan to End the HIV Epidemic in New Jersey by 2025, the Governor's FY 2023 Budget proposes \$1.5 million in additional grant funding to reduce the number of new HIV infections by 75 percent, expand access to HIV testing, and facilitate access and linkages to care so that 90 percent of individuals diagnosed with HIV or AIDS attain viral suppression.
- The FY 2023 Budget proposal includes an additional \$1.0 million in grants to hospital systems to expand clinical training opportunities for student nurse-midwives, based on the recommendations of the Nurture NJ 2021 Strategic Plan.

Highlights (Cont'd)

- The Governor proposes an additional \$500,000 to increase the number of Overdose Fatality Review Teams so that one team operates in each county. In FY 2022, the Legislature appropriated \$1.0 million for the department to expand the number of teams from two to ten. The initiative is also supported by a federal grant award. In all, 14 of the State's 21 counties have existing or proposed Overdose Fatality Review Teams.
- The Governor recommends a \$500,000 increase in grants for harm reduction centers, bringing total State funding for the centers to \$4.5 million in FY 2023.

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2021	Adj. Approp. FY 2022	Recom. FY 2023	Percentage Change	
				2021-23	2022-23
General Fund					
Direct State Services	\$396,970	\$438,093	\$435,465	9.7%	(0.6%)
Grants-In-Aid	629,526	748,298	664,315	5.5%	(11.2%)
State Aid	0	0	0	--	--
Capital Construction	442	0	0	(100.0%)	--
Debt Service	0	0	0	--	--
Sub-Total	\$1,026,938	\$1,186,391	\$1,099,780	7.1%	(7.3%)
Property Tax Relief Fund					
Direct State Services	\$0	\$0	\$0	--	--
Grants-In-Aid	0	0	0	--	--
State Aid	0	0	0	--	--
Sub-Total	\$0	\$0	\$0	--	--
Casino Revenue Fund	\$516	\$516	\$516	0.0%	0.0%
Casino Control Fund	\$0	\$0	\$0	--	--
State Total	\$1,027,454	\$1,186,907	\$1,100,296	7.1%	(7.3%)
Federal Funds	\$930,723	\$726,166	\$726,979	(21.9%)	0.1%
Other Funds	\$495,542	\$608,024	\$598,445	20.8%	(1.6%)
Grand Total	\$2,453,719	\$2,521,097	\$2,425,720	(1.1%)	(3.8%)

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2021	Revised FY 2022	Funded FY 2023	Percentage Change	
				2021-23	2022-23
State	4,645	4,500	4,615	(0.6%)	2.6%
Federal	390	545	562	44.1%	3.1%
All Other	357	351	378	5.9%	7.7%
Total Positions	5,392	5,396	5,555	3.0%	2.9%

FY 2021 (as of December) and revised FY 2022 (as of January) personnel data reflect actual payroll counts. FY 2023 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percentage	74.1%	76.5%	N/A	---	---
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Significant Changes/New Programs (\$000)

Health Services

General Fund, Direct State Services				Budget Page: D-150	
Special Purpose: Cancer Screening - Early Detection and Education Program					
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$3,416	\$3,101	\$3,106	\$3,500	\$394	12.7%

The Executive recommends restoring funding for the New Jersey Cancer Education and Early Detection Program to FY 2020 levels, following a funding reduction in FY 2021 that continued in FY 2022. This program provides comprehensive screening services, education, and outreach for breast, cervical, colorectal, and prostate cancer for individuals who are uninsured or under-insured and have an annual income at or below 250 percent of the federal poverty level.

General Fund, Direct State Services				Budget Page: D-150	
Special Purpose: Maternal Feedback on Quality of Care Database					
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$0	\$0	\$0	\$600	\$600	--

The Executive recommends new funding for the department to develop and conduct a maternity care experience survey to evaluate individuals’ experiences with maternity care services during the preconception, pregnancy, childbirth, and postpartum periods. Survey data will be used to identify local and Statewide trends in the provision of maternity care, detect disparities in care experienced by discrete racial, cultural, and socioeconomic groups, and formulate strategies and programs to improve access to, and the quality of, maternity care.

General Fund, Direct State Services				Budget Page: D-150	
Special Purpose: New Jersey Pediatric Cancer Research Fund					
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$0	\$0	\$5,000	\$0	(\$5,000)	(100.0%)

The Governor’s FY 2023 Budget does not continue the supplemental appropriation effected by P.L.2021, c.212 to provide seed money to the New Jersey Pediatric Cancer Research Fund. Beginning in FY 2023, taxpayers may contribute to the fund through voluntary contributions on their gross income tax returns, providing a source of revenue for the fund. The Legislature is to annually appropriate all resources deposited into the fund to the New Jersey State Commission on Cancer Research to support pediatric cancer research projects at New Jersey research institutions.

Significant Changes/New Programs (\$000) (Cont'd)

General Fund, Grants-in-Aid Colette Lamothe - Galette Institute				Budget Page: D-151	
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$0	\$0	\$0	\$500	\$500	--

New funding is recommended to establish the Colette Lamothe-Galette Community Healthworker Institute through a Department of Labor and Workforce Development apprenticeship program. The institute’s mission is to establish a standardized training and certification program with the goal of expanding the State’s community health worker workforce. Students in the program participate in 144 hours of classroom instruction at one of four partnering community colleges and are required to complete between 1,000 and 2,000 hours of on-the-job training through a department Employer Partner site. The Department of Health will pay tuition costs for the classroom component of the program for all accepted candidates.

General Fund, Grants-in-Aid Robert Wood Johnson University Hospital - Mobile Health Service				Budget Page: D-151	
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$0	\$0	\$5,000	\$0	(\$5,000)	(100.0%)

The Legislature included funding in the FY 2022 Appropriations Act for a grant to Robert Wood Johnson University Hospital’s Mobile Health Service. The full amount is currently obligated. The Mobile Health Service provides basic life support ambulance services, advanced life support services, and specialty care inter-facility transportation services across sections of Middlesex, Mercer, and Somerset counties.

General Fund, Grants-in-Aid American Red Cross New Jersey Region				Budget Page: D-151	
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$0	\$0	\$1,660	\$1,000	(\$660)	(39.8%)

The Legislature included \$1.7 million in funding in the FY 2022 Appropriations Act for a grant to the New Jersey Region of the American Red Cross. Approximately \$355,000 has been expended and an additional \$1.3 million is obligated. The Executive recommends continuing support for the organization in FY 2023 at a lower amount. According to the Office of Management and Budget, the reduced level of support in FY 2023 is part of a broader effort, on the part of the Administration, to reduce non-competitive grant awards.

Significant Changes/New Programs (\$000) (Cont'd)

General Fund, Grants-in-Aid Early Childhood Intervention Program				Budget Page: D-151	
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$111,036	\$96,212	\$114,840	\$118,374	\$3,534	3.1%

The Executive recommends an increase in the FY 2023 appropriation for the Early Childhood Intervention Program to replace enhanced federal matching funds for qualifying State Children’s Health Insurance Program expenditures, which will expire with the termination of the federal COVID-19 Public Health Emergency. The Early Childhood Intervention Program provides therapeutic services to infants and toddlers up to age three who have developmental disabilities.

The Governor’s proposed FY 2023 Budget also anticipates funding for the program to include: 1) \$70.3 million in federal funding for services provided to infants and toddlers enrolled in the program; 2) \$13.0 million in federal funding through the Infants and Toddlers with Disabilities Program, Part C of the Individuals with Disabilities Education Act; 3) \$11.8 million in dedicated funding from copayments paid by families whose children are eligible for Early Childhood Intervention Program services, but whose income is above 350 percent of the federal poverty level; and 4) \$4.0 million in funding from the Autism Medical Research and Treatment Fund, pursuant to proposed FY 2023 budget language.

General Fund, Grants-in-Aid Vaccinations for Individuals with Developmental or Intellectual Disabilities - Autism New Jersey				Budget Page: D-152	
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$0	\$0	\$100	\$0	(\$100)	(100.0%)

The Legislature included \$100,000 in funding in the FY 2022 Appropriations Act for a COVID-19 immunization clinic operated jointly by Autism New Jersey and the Visiting Nurse Association of Central Jersey, which provides COVID-19 vaccines to individuals with intellectual or developmental disabilities, including individuals on the autism spectrum. The entirety of this appropriation has been expended.

General Fund, Grants-in-Aid Overdose Fatality Review Teams				Budget Page: D-152	
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$0	\$0	\$1,000	\$1,500	\$500	50.0%

The recommended increase is to expand Overdose Fatality Review Teams to every county in the State. Fourteen of the State’s 21 counties have existing or proposed Overdose Fatality Review

Significant Changes/New Programs (\$000) (Cont'd)

Teams, which conduct confidential, multidisciplinary reviews of local overdose deaths in order to identify patterns in these fatalities and inform prevention and recovery programs. New Jersey’s initiative is funded, in part, through a Centers for Disease Control and Prevention Overdose Data to Action Award, which provides \$7.1 million over three years to promote recovery resources and improve services provided to individuals with substance use disorders. Of the State’s total Overdose Data to Action Award, \$5.8 million has been allocated to the department, with the balance allocated to the Department of Law and Public Safety.

General Fund, Grants-in-Aid Harm Reduction Services				Budget Page: D-152	
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$2,283	\$2,054	\$4,000	\$4,500	\$500	12.5%

The Executive recommends increased funding to establish additional harm reduction centers, which provide individuals who inject drugs with access to clean needles and syringes, fentanyl test strips, naloxone, and linkages to medical care, mental health care, and substance use disorder treatment. The State currently supports seven harm reduction centers, formerly known as Syringe Access Programs. State appropriations for harm reduction services are supplemented by federal funding from the Centers for Disease Control and Prevention’s Overdose Data to Action Award.

General Fund, Grants-in-Aid AIDS Grants				Budget Page: D-152	
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$23,583	\$18,343	\$24,410	\$25,910	\$1,500	6.1%

The Executive recommends an increase in grant funding to HIV and AIDS service providers, in part to implement the recommendations of the New Jersey Taskforce to End the HIV Epidemic, as detailed in the Strategic Plan to End the HIV Epidemic in New Jersey By 2025.

All Other Funds Community Health Services				Budget Page: D-152	
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$41,507	\$37,917	\$36,689	\$38,411	\$1,722	4.7%

The recommended increase is attributable to an anticipated net increase in dedicated revenues available for community health services from higher hospital assessment revenues (an estimated \$2.0 million increase from \$30.0 million in FY 2022 to \$32.0 million in FY 2023) and lower

Significant Changes/New Programs (\$000) (Cont'd)

cigarette tax revenues dedicated to anti-smoking initiatives (an estimated reduction of \$278,000 from \$5.7 million in FY 2022 to \$5.4 million in FY 2023).

All Other Funds Vital Statistics				Budget Page: D-152	
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$3,342	\$2,620	\$1,520	\$905	(\$615)	(40.5%)

This budget line reflects fees paid by State residents for various vital records processed by the Department of Health, such as copies of birth certificates and marriage and civil union licenses. The Executive anticipates less revenue from these sources in FY 2023.

Health Planning and Evaluation

General Fund, Grants-in-Aid Health Care Subsidy Fund Payments				Budget Page: D-158	
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$44,489	\$127,829	\$76,888 S \$30,000	\$41,031	(\$65,857)	(61.6%)

The Health Care Subsidy Fund is primarily financed through dedicated revenue sources but relies upon General Fund appropriations as a final source of funding when the fund’s expenditures surpass its resources. This budget line represents that General Fund appropriation to the Health Care Subsidy Fund. Please refer to page H-11 in the proposed Governor’s Budget for details on the revenues, expenditures, and fund balance of the Health Care Subsidy Fund.

Recommended State appropriations for the Health Care Subsidy Fund are \$65.9 million lower compared with FY 2022. In actuality, the state payment to the Health Care Subsidy Fund in FY 2023 is anticipated to increase by \$19.9 million. This is so because the Administration intends to return for general State purposes an unneeded \$85.8 million that was appropriated to the Health Care Subsidy Fund in FY 2022. The increase is primarily attributable to the net effects of a \$26.0 million increase in expenditures for the Children’s Health Insurance Program and a \$10.0 million decrease in funding for the Charity Care program.

The proposed FY 2023 Budget does not continue a \$30.0 million supplemental appropriation, effected by P.L.2021, c.330, to increase by one the number of acute care hospitals eligible for the highest level of Charity Care subsidy payments in FY 2022 and keeping all other hospitals’ Charity Care allocations harmless.

Significant Changes/New Programs (\$000) (Cont'd)

General Fund, Direct State Services Services Other Than Personal				Budget Page: D-157	
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$1,608	\$1,335	\$2,541	\$2,791	\$250	9.8%

The Administration recommends increased funding for the Division of Health Care Facility Regulation and Oversight to onboard temporary staff to help process a significantly higher number of certificate of need and licensing applications. According to FY 2023 Evaluation Data, the division anticipates processing 66 certificate of need applications for acute care facilities compared with 23 processed in FY 2022. The department requires a full certificate of need review for the renovation, construction, or relocation of certain types of health care facilities.

General Fund, Direct State Services Special Purpose: Mission Critical Long-Term Care Teams				Budget Page: D-157	
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$0	\$0	\$0	\$500	\$500	--

The Executive recommends new funding to establish Mission Critical Teams within the department that are tasked with intervening when a long-term care facility first shows signs of distress, such as a State inspection that finds deteriorating quality of care or patient safety violations at a facility.

General Fund, Grants-in-Aid Regional Coordinator Hospitals				Budget Page: D-158	
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$0	\$9,000	\$9,000	\$0	(\$9,000)	(100.0%)

This budget line has become functionally obsolete. The department, pursuant to Executive Directive No. 20-007, designated the State’s Level 1 Trauma Centers as Regional Coordinator Hospitals to spearhead the response, on the part of the State’s acute care hospitals, to the COVID-19 pandemic, particularly with regard to COVID-19 surge planning and the expansion of hospital bed capacity. The provisions of the executive directive were to remain in effect for the duration of the State Public Health Emergency, which the Governor rescinded on March 7, 2022. Correspondingly, the Governor’s proposed FY 2023 Budget does not include funding for Regional Coordinator Hospital activities.

Significant Changes/New Programs (\$000) (Cont'd)

General Fund, Grants-in-Aid Carrier Clinic - Pediatric Inpatient Behavioral Health Expansion				Budget Page: D-158	
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$0	\$0	\$5,000	\$0	(\$5,000)	(100.0%)

The Legislature included funding in the FY 2022 Appropriations Act for a grant to the Hackensack Meridian Carrier Clinic for the expansion of the pediatric inpatient behavioral health program to address long wait times for pediatric placements in the State’s private pediatric behavioral health hospitals. The amount is not yet expended, but obligated.

General Fund, Grants-in-Aid Salem Medical Center - Specialized System of Care				Budget Page: D-158	
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$0	\$0	\$4,900	\$0	(\$4,900)	--

The Legislature included funding in the FY 2022 Appropriations Act for a grant to the Salem Medical Center for a pilot program to provide specialized services to adults with intellectual or developmental disabilities who also have mental health comorbidities. Approximately \$4.4 million has been expended and the remaining amount has been obligated.

General Fund, Grants-in-Aid Hackensack Meridian School of Medicine				Budget Page: D-158	
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$4,000	\$4,000	\$7,000	\$5,000	(\$2,000)	(28.6%)

The Legislature increased State support for the Hackensack Meridian School of Medicine by \$2.0 million in the FY 2022 Appropriations Act. The Executive is recommending not renewing the additional \$2.0 million for the school in FY 2023.

Significant Changes/New Programs (\$000) (Cont'd)

General Fund, Grants-in-Aid Nurse-Midwife Education				Budget Page: D-158	
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$0	\$0	\$0	\$1,000	\$1,000	--

The Executive recommends \$1.0 million in new grants for nurse-midwife training to develop the nurse-midwife workforce by expanding clinical training opportunities for these healthcare professionals. This initiative will award grants to hospital systems to develop guaranteed clinical training sites for student nurse-midwives, establish clinical programs to train nurse-midwives alongside obstetrical residents, and develop initiatives to improve the accessibility of midwife clinical training. This initiative is based on the recommendations of the Nurture NJ 2021 Strategic Plan to strengthen and expand the practice of the midwifery model of care by developing a more robust workforce pipeline.

General Fund, Grants-in-Aid Holy Name Hospital Teaneck - Palliative Care Pilot Program				Budget Page: D-158	
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$3,000	\$3,000	\$3,000	\$4,000	\$1,000	33.3%

The Executive recommends increased funding for the Palliative Care Program at Holy Name Hospital in Teaneck.

All Other Funds Health Care Systems Analysis				Budget Page: D-158	
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$380,463	\$279,419	\$383,279	\$372,485	(\$10,794)	(2.8%)

This budget line aggregates several dedicated off-budget revenues, primarily out of the Health Care Subsidy Fund, that support the Health Care Systems Analysis program class. The Health Care Systems Analysis program is responsible for administering the allocation of health care subsidies for hospitals and other health care initiatives and for the analysis and review of health care financing. The largest component of the budget line is the Charity Care program, which also accounts for \$10.0 million of the total anticipated \$10.8 million decline in FY 2023. Specifically, the Administration recommends \$339.0 million in FY 2023 appropriations out of the dedicated, off-budget Health Care Subsidy Fund for Charity Care payments to the State’s hospitals, a \$10.0 million decrease (2.9 percent) from FY 2022.

Significant Changes/New Programs (\$000) (Cont'd)

Federal Funds Health Care Facility Regulation and Oversight				Budget Page: D-158	
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$16,601	\$43,302	\$18,009	\$18,395	\$386	2.1%

This budget line reflects federal reimbursements to the department for conducting inspections of long-term care facilities for compliance with federal regulations governing Medicare and Medicaid providers of long-term care. State surveyors additionally ensure that these facilities comply with State statute and regulations concerning patient rights, safety, and quality of care. According to Evaluation Data, the department anticipates conducting 830 inspections and 768 complaint investigations of nursing homes in FY 2023. Prior to the COVID-19 pandemic, in FY 2019, the department conducted 757 inspections and 812 complaint investigations of nursing homes.

Behavioral Health Services

General Fund, Direct State Services Salaries and Wages				Budget Page: D-162	
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$241,291	\$292,959	\$327,743	\$331,029	\$3,286	1.0%

The Governor’s FY 2023 Budget recommends increasing State appropriations for this budget line in order to replace federal COVID-19 pandemic assistance that the department used in FY 2022 to backfill a \$3.3 million reduction in State funding for salaries and wages at the State psychiatric hospitals.

General Fund, Direct State Services Special Purpose: Greystone Psychiatric Hospital Settlement				Budget Page: D-163	
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$0	\$125	\$552	\$0	(\$552)	(100.0%)

A supplemental appropriation is required in FY 2022 as part of a settlement agreement in a 2018 class-action lawsuit over the quality of patient care provided at Greystone Park Psychiatric Hospital. As part of this settlement agreement, for the next ten years, hospital administrators are required to report to an oversight committee on progress made in improving patient safety and the quality of care provided at Greystone Park.

Significant Changes/New Programs (\$000) (Cont'd)

General Fund, Direct State Services Salaries and Wages				Budget Page: D-164	
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$3,969	\$4,038	\$4,188	\$4,455	\$267	6.4%

The Executive recommends additional funding to hire six full-time employees for the Division of Behavioral Health Services. These employees will staff a new unit, which is tasked with improving billing practices and revenue collections across the four State psychiatric hospitals.

Health Administration

General Fund, Direct State Services Office of the Chief State Medical Examiner - Salaries and Wages				Budget Page: D-166	
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$7,931	\$10,803	\$16,500	\$16,902	\$402	2.4%

According to the Office of Management and Budget, the Executive recommends increased funding for five new positions in the Office of the Chief State Medical Examiner in order to better satisfy the statutory requirements of the office.

General Fund, Direct State Services Special Purpose: Stillbirth Resource Center				Budget Page: D-166	
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$0	\$0	\$2,500	\$0	(\$2,500)	(100.0%)

The Legislature included funding in the FY 2022 Appropriations Act to establish a Stillbirth Resources Center. None of the funding has been committed and the Executive does not recommend continuing the appropriation in FY 2023.

Significant Changes/New Programs (\$000) (Cont'd)

General Fund, Direct State Services Special Purpose: Telehealth Rate Parity				Budget Page: D-166	
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$0	\$0	\$ 500	\$0	(\$500)	(100.0%)

P.L.2021, c.310 included an appropriation to the department to conduct a study to determine whether, and to what extent, medical and behavioral health care services delivered via telehealth should be reimbursed at the same provider rates applicable when the services are delivered by a healthcare provider on an in-person basis. The department’s study is also to assess whether telehealth may appropriately satisfy network adequacy requirements for health plans operating in the State.

General Fund, Direct State Services Special Purpose: Stillbirth Prevention Public Health Campaign				Budget Page: D-166	
FY 2020 Expended	FY 2021 Expended	FY 2022 Adj. Approp.	FY 2023 Recomm.	Change FY 2022 – FY 2023	
\$0	\$0	\$0	\$100	\$100	--

The Executive recommends \$100,000 in new funding to initiate a public awareness campaign to educate pregnant persons about how to systematically track fetal movement during the last trimester of pregnancy in order to reduce the occurrence of stillbirths.

Significant Language Changes

Charity Care Funding Decrease	
Revision	2022 Handbook: p. B-87 2023 Budget: p. D-159

Notwithstanding the provisions of section 3 of P.L.2004, c.113 (C.26:2H-18.59i) or any law or regulation to the contrary, the appropriation for Health Care Subsidy Fund Payments is subject to the following conditions: the distribution of Charity Care funding shall be calculated in the following manner: (a) source data for the most recent census data shall be from the ~~2019~~ 2020 5-Year American Community Survey; (b) source data used shall be from calendar year (CY) 2019 for documented charity care claims data and hospital-specific gross revenue for charity care patients and shall include all adjustments and void claims related to CY 2019 and any prior year submitted claims, as submitted by each acute care hospital or determined by the Department of Health (DOH); (c) source data used for CY 2019 documented charity care for each hospital’s total gross revenue for all patients shall be from the CY 2019 audited Acute Care Hospital Cost Report as defined by Form E4, Line 1, Column E data and shall be according to the DOH due date of August 31, 2020, as submitted by January 31, 2021 by each acute care hospital and audited by March 1, 2021; (d) source data used for CY 2019 documented charity care shall be from CY 2019 Medicaid Cost Report submitted by each acute care hospital by February 14, 2021; (e) in the event that an eligible hospital failed to submit the CY 2019 Acute Care Hospital Cost Report, source data from their CY 2018 Acute Care Hospital Cost Report shall be used for hospital-specific gross revenue for charity care patients and for hospital total gross revenue for all patients as defined by Form E4, Line 1, Column E; (f) in the event that an eligible hospital failed to submit a full year CY 2019 Acute Care Hospital Cost Report, source data from a supplemental 2019 Acute Care Hospital Cost Report shall be used for hospital-specific gross revenue for charity care patients and for hospital total gross revenue for all patients as defined by Form E4, Line 1, Column E; (g) for each eligible hospital, except those designated 96% by their hospital-specific reimbursed documented charity care, a proportionate decrease shall be applied to its calculated subsidy based on its percentage of total subsidy such that the total calculated subsidy for all hospitals shall equal ~~\$319,000,000~~ \$339,000,000; and (h) the resulting value will constitute each eligible hospital’s SFY ~~2022~~ 2023 charity care subsidy allocation.

EXPLANATION

The recommended Charity Care program funding of \$339.0 million for FY 2023 is \$10.0 million, or 2.9 percent, less than the \$349.0 million allocated to the State’s acute care hospitals in FY 2022. The FY 2023 distribution formula for the Charity Care appropriation remains essentially the same as in FY 2022, except that the census source data are updated to reflect the most recent data available. Therefore, any change in a hospital’s allocation is attributable to the \$10.0 million reduction in the Charity Care appropriation and the use of updated census data in the calculation, rather than any policy change. Of note, the recommended language does not update hospital-specific source data by one year, as has been customary in recent years, but retains the hospital-specific source data used in FY 2022.

EXPLANATION: FY 2022 language not recommended for FY 2023 denoted by strikethrough.
Recommended FY 2023 language that did not appear in FY 2022 denoted by underlining.

Significant Language Changes (Cont'd)

P.L.2021, c.330 increased by one the number of hospitals eligible for the highest level of Charity Care subsidy payments in FY 2022 and included a supplemental appropriation of \$30.0 million to the Health Care Subsidy Fund for that hospital's subsidy payment while holding harmless all other hospitals' Charity Care allocations. This supplemental appropriation increased the funding for the Charity Care program in FY 2022 to \$349.0 million from the \$319.0 million included in the FY 2022 Appropriations Act.

Receipt of Final Charity Care Payment	
Revision	2022 Handbook: p. B-87 2023 Budget: p. D-159

Notwithstanding the provisions of any law or regulation to the contrary, the amount hereinabove appropriated for the Charity Care Subsidy is subject to the condition that participating hospitals shall demonstrate participation in the New Jersey Department of Health's New Jersey Health Information Network (NJHIN). For purposes of this paragraph, demonstrated participation in the NJHIN shall mean: (1) the hospital has directly, or indirectly through another Trusted Data Sharing Organization, executed the NJHIN Data Use and Reciprocal Support Agreement and the NJHIN Business Associate Agreement; (2) the hospital executed and participates in the NJHIN Core Use Case; and (3) the hospital executed and participates in the Statewide Admission, Discharge, Transfer Notification Use Case, as determined by the Commissioner of Health. ~~Provided further, that notwithstanding the provisions of any law or regulation to the contrary, participating hospitals also shall report to the Commissioner of Health key indicators of connections to care provided to patients who are eligible for Charity Care, as defined by the Commissioner of Health; in the event that a hospital does not report such information as determined by the Commissioner of Health, the final 1/12 of the hospital's Charity Care subsidy may be withheld, subject to the approval of the Director of the Division of Budget and Accounting.~~

EXPLANATION

Receipt of the final 1/12 of a hospital's Charity Care subsidy payment is currently contingent upon the hospital's submission of certain information to the Department of Health. According to the Administration, after requiring this material for multiple years, the department no longer believes that the information received from self-attestations is worth the administrative burden on hospital staff to comply with this requirement.

EXPLANATION: FY 2022 language not recommended for FY 2023 denoted by strikethrough. Recommended FY 2023 language that did not appear in FY 2022 denoted by underlining.

Significant Language Changes (Cont'd)

Timing of Charity Care Payments

Revision

2022 Handbook: p. B-87
2023 Budget: p. D-159

Notwithstanding the provisions of any law or regulation to the contrary, the amounts hereinabove appropriated from the Health Care Subsidy Fund for Charity Care payments are subject to the following condition: In a manner determined by the Commissioner of Health and subject to the approval of the Director of the Division of Budget and Accounting, eligible hospitals shall receive (1) their charity care subsidy payments beginning in July ~~2021~~ 2022, and (2) their January ~~2022 through June 2022 monthly~~ 2023 payments in ~~advance by the end of~~ December 2021 2022. If an eligible hospital closes before June 30, ~~2022~~ 2023, the hospital shall reimburse to the State upon closure any subsidy payments attributed on the normal monthly payment basis to after the hospital's date of closure.

EXPLANATION

This revision re-establishes a bi-annual schedule of Charity Care subsidy payments, thereby providing hospitals with one subsidy payment in July 2022 and a second payment by the end of December 2022. For FY 2022, the Department of Health shifted the timing of Charity Care payments in order to facilitate the eventual resumption of the bi-annual schedule of subsidy payments in use prior to the delayed start of FY 2021.

Elimination of Funding for Regional Coordinator Hospitals

Deletion

2022 Handbook: p. B-89
2023 Budget: p. N/A

~~The amount hereinabove appropriated for Regional Coordinator Hospitals shall be distributed equally among the State's Regional Coordinator Hospitals as designated by the Commissioner of Health pursuant to Executive Directive No. 20-007 to support their actions in coordinating the State's health care response to COVID-19.~~

EXPLANATION

This language provision has become functionally obsolete. The Department of Health, pursuant to Executive Directive No. 20-007, designated the State's Level 1 Trauma Centers as Regional Coordinator Hospitals to spearhead the response, on the part of the State's acute care hospitals, to the COVID-19 pandemic, particularly with regard to COVID-19 surge planning and the expansion of hospital bed capacity. The provisions of the directive were to remain in effect for the duration of the Public Health Emergency, which the Governor rescinded on March 7, 2022.

EXPLANATION: FY 2022 language not recommended for FY 2023 denoted by strikethrough. Recommended FY 2023 language that did not appear in FY 2022 denoted by underlining.

Significant Language Changes (Cont'd)

Correspondingly, the Governor’s FY 2023 Budget does not include funding for Regional Coordinator Hospital activities.

Nurse-Midwife Education	
Addition	2022 Handbook: p. N/A 2023 Budget: p. D-161

Notwithstanding the provisions of any law or regulation to the contrary, the amount hereinabove appropriated for Nurse-Midwife Education is subject to the following condition: the Department of Health shall enter into a partnership agreement with the American College of Nurse Midwives to develop the criteria and deliverables to be set forth in the application for this grant.

EXPLANATION

This provision conditions the recommended \$1.0 million appropriation to the Nurse-Midwife Education grant program on the Department of Health first entering into a partnership agreement with the American College of Nurse Midwives to develop the grant application criteria and deliverables. The proposed FY 2023 Budget includes \$1.0 million in new grants for nurse-midwifery training to develop the nurse-midwife workforce by expanding clinical training opportunities for these healthcare professionals.

EXPLANATION: FY 2022 language not recommended for FY 2023 denoted by strikethrough. Recommended FY 2023 language that did not appear in FY 2022 denoted by underlining.

New Jersey Legislature
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Individuals wishing information and committee schedules on the
FY 2023 budget are encouraged to contact:

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