

# Committee Meeting

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## JOINT SELECT COMMITTEE ON MEDICAID REIMBURSEMENT

"Organizational Meeting"

LOCATION: Room 319  
State House  
Trenton, New Jersey

DATE: September 2, 1992  
1:00 p.m.

### MEMBERS OF COMMITTEE PRESENT:

Senator Dick LaRossa, Chairman  
Assemblyman Richard H. Bagger, Vice-Chairman  
Assemblywoman Harriet Derman  
Assemblyman Bernard F. Kenny, Jr.



### ALSO PRESENT:

Robbie Miller,  
Office of Legislative Services  
Aide, Joint Select Committee  
on Medicaid Reimbursement

**Hearing Recorded and Transcribed by**  
The Office of Legislative Services, Public Information Office,  
Hearing Unit, 162 W. State St., CN 068, Trenton, New Jersey 08625-0068





New Jersey State Legislature

JOINT SELECT COMMITTEE ON MEDICAID REIMBURSEMENT

LEGISLATIVE OFFICE BUILDING, CN-068

TRENTON, NJ 08625-0068

(609) 292-1646

SENATOR  
DICK LAROSSA  
*Chairman*

ASSEMBLYMAN  
RICHARD BAGGER  
*Vice-Chairman*

SENATE  
JOHN O. BENNETT

GENERAL ASSEMBLY  
HARRIET DERMAN  
BERNARD F. KENNY, JR.

C O M M I T T E E   N O T I C E

TO: MEMBERS OF THE JOINT SELECT COMMITTEE ON  
MEDICAID REIMBURSEMENT

FROM: SENATOR DICK LaROSSA, CHAIRMAN

SUBJECT: COMMITTEE MEETING - September 2, 1992

*The public may address comments and questions to Robbie Miller,  
Committee Aide, or make bill status and scheduling inquiries to Sophia Love,  
secretary, at (609) 292-1646.*

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The Joint Select Committee on Medicaid Reimbursement will meet on  
Wednesday, September 2, 1992 at 1:00 P.M. in Room 319, Legislative  
Conference Room, Legislative State House.

The committee will hold an organizational meeting.

Issued 8/25/92



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Senator Dick LaRossa

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Assemblyman Richard H. Bagger

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SENATOR DICK LaROSSA (Chairman): Good afternoon, ladies and gentlemen. This is the organizational meeting for the Joint Select Committee on Medicaid Reimbursement. It is an organizational meeting, so we'll deal with a couple of housekeeping items initially.

The first housekeeping item will be the election of a Chairman and Vice-Chairman of the Committee. That is open for a nomination, please.

ASSEMBLYMAN BAGGER: I would move that Senator LaRossa be elected as the Chairman of this Committee.

SENATOR LaROSSA: Do we have a second?

ASSEMBLYWOMAN DERMAN: I'll second that.

MS. MILLER (Committee Aide): Assemblyman Kenny?

ASSEMBLYMAN KENNY: Yes.

MS. MILLER: Assemblywoman Derman?

ASSEMBLYWOMAN DERMAN: Yes.

MS. MILLER: Assemblyman Bagger?

ASSEMBLYMAN BAGGER: Yes.

MS. MILLER: Senator LaRossa?

SENATOR LaROSSA: Yes.

The second order of business will be the nomination, seconding, and voting for the Vice-Chairman of the Committee.

ASSEMBLYWOMAN DERMAN: Mr. Chairman, I'd like to move the nomination of Assemblyman Rich Bagger as Vice-Chairman.

SENATOR LaROSSA: I'll second that.

MS. MILLER: Assemblyman Kenny?

ASSEMBLYMAN KENNY: Yes.

MS. MILLER: Assemblywoman Derman?

ASSEMBLYWOMAN DERMAN: Yes.

MS. MILLER: Assemblyman Bagger?

ASSEMBLYMAN BAGGER: Yes.

MS. MILLER: Senator LaRossa?

SENATOR LaROSSA: Yes.

The next order of business is to vote to release documents and to make all subsequent documentation available to the public. Just as a point of information, we have on the table in front of us at this point, in a chronological order, an index -- the volume of information which subsequently has come in to the Committee, and into the State, with regard to this particular issue. As documents come in, we will make them available -- obviously, to members of this Committee, and we'll make them available to members of the press and general public as well, those who would, in fact, seek that. I guess we need a vote on releasing documents. (speaks with aide)

Oh, okay. We're going to adopt the rules first. I'd like to request a motion to adopt the rules with the deletion of -- I need someone to make a motion on this -- rule 10 at the request of Assemblyman Kenny.

ASSEMBLYMAN KENNY: Yes, Mr. Chairman. I'd like to delete rule 10.

SENATOR LaROSSA: Okay. I have a motion to adopt the rules with the exception of the deletion of rule 10. We have a motion from Assemblyman Kenny. Do we have a second?

ASSEMBLYMAN BAGGER: Second.

SENATOR LaROSSA: Okay.

MS. MILLER: Assemblyman Kenny?

ASSEMBLYMAN KENNY: Yes.

MS. MILLER: Assemblywoman Derman?

ASSEMBLYWOMAN DERMAN: Yes.

MS. MILLER: Assemblyman Bagger?

ASSEMBLYMAN BAGGER: Yes.

MS. MILLER: Senator LaRossa?

SENATOR LaROSSA: Yes.

MS. MILLER: The rules are adopted.

SENATOR LaROSSA: The rules are adopted.

I'd like to now move to opening statements. Each member of the Committee will have an opportunity. I just want



to make one comment: Senator Bennett is not here today. Apparently, we were told, he was taken ill, and we hope he'll be joining us shortly.

In a letter to John Adams, Thomas Jefferson outlines the role of honesty in what he termed as "government," and I quote: "The whole of government consists in the art of being honest."

As I open the proceedings for the organizational meeting of the Joint Select Committee on Medicaid Reimbursement, let me emphasize the seriousness with which I believe we all accept the task before us. Our intent is to operate honestly, seek the facts, and let those facts frame not only our discussion, but our conclusions, as well.

I hope I can speak for all the members today when I say that we all seek "honest" answers to the pressing problems which threaten the integrity of our State's budget process this year. If unaddressed and unresolved, this unique reimbursement situation could repeat itself and compromise next year's budgetary review process as well. Therefore, we want to discover the exact cause of this situation in order to have a clear picture for the present and coming fiscal years.

Our objectives and legislative mission are quite explicit. Senate Concurrent Resolution SCR-65 empowered this body with a specific public policy focus, and I quote:

"It shall be the duty of the Committee to review the issues and circumstances surrounding the executive branch's December 1991 application to the Federal Health Care Financing Administration -- HCFA -- for \$450 million in Federal Social Security Title XIX Medicaid uncompensated care retroactive claims for disproportionate share payments for State and county psychiatric care hospitals."

The empowering legislation sets forth two key areas of review in order to determine the circumstances surrounding the \$450 million reimbursement dispute, and I quote:

"The Committee shall examine the decision on the part of the executive branch to include all of the \$450 million in the projected State revenues for Fiscal Year 1992.

"The Committee shall examine and determine the exact amount of retroactive reimbursement payments for State and county psychiatric hospitals New Jersey is qualified to receive."

It is my opinion that our review needs to address the circumstances surrounding the last minute decertification of these moneys. Additionally, I believe that we should verify whether or not the HCFA declaration of \$126 million due may be jeopardized by not signing off or certifying these moneys.

Obviously something went wrong, and we are unsure of what and why. But clearly, no one can dispute these facts. There is a conflict between the amount of money anticipated and what the Federal government is willing to reimburse for retroactive claims for State and county psychiatric hospitals. Through an open, fair, and accountable Select Committee process, we intent to find out what went wrong and recommend corrective action.

Today is primarily a procedural meeting in which we adopt Committee rules to govern our operation -- which we've already done -- set the date for our next meeting, and release to Committee members and the public a briefing packet with research gathered to date. Therefore, I do not expect us to discuss thoroughly the circumstances surrounding this particular case.

In order to arrive at the truth regarding the Medicaid funding controversy, the legislative and executive branches must share information. To this point, we have received full -- and I repeat -- full cooperation from the executive branch. I hope the "spirit of cooperation" continues.

To the skeptics who doubt the necessity of reviewing the inclusion of a projected \$450 million reimbursement in a

fiscal year budget and the circumstances leading to the "loss" of that money thought previously to be guaranteed, I have only one thing to say.

The budgetary planning integrity of New Jersey State government cannot, and should not, fall victim to application or regulatory interpretation errors. A \$450 million budget gap at the last minute of the budget process undermines the purpose of an accountable legislative budgetary review process.

Sensationalism is not the guiding principle of the factual review process that will be conducted on the part of the Joint Select Committee on Medicaid Reimbursement. The facts surrounding this \$450 million controversy will lead us to our conclusions. The citizens who fund the operation of New Jersey's State government deserve nothing less. Therefore, we accept our responsibility to develop a detailed set of conclusions which are founded upon the facts, and to recommend steps which insure that similar situations will not occur in the future.

Let me conclude by quoting an old sage, Albert Schweitzer, physician and philosopher, who reminds us of a timetable for securing the truth, and I quote: "Truth has no special time of its own. Its hour is now -- always."

I appreciate the opportunity to present the overview for our deliberations, and Assemblyman Bagger will now speak in his capacity as Vice-Chairman.

ASSEMBLYMAN BAGGER: Thank you, Mr. Chairman.

As Senator LaRossa has made very clear, this bipartisan Joint Select Committee was convened not to point fingers of blame, but rather to determine exactly why this situation occurred at all, and much more importantly, to insure that this never happens again.

The budget process in which I'm involved as a member of the Appropriations Committee is a delicate balancing act that requires accurate assessment of the State's revenues and

expenditures. There must be good faith between the executive and legislative branches if there's any hope of crafting a budget that gets maximum use of our taxpayer dollars and delivers essential State government services that New Jersey citizens need. That good faith was shattered this year. Included in the Governor's proposed budget was \$450 million in additional Medicaid reimbursement. The Appropriations Committees were repeatedly assured -- and assured as late as one week before the budget bill was finally presented -- that the administration expected these Medicaid reimbursement funds to be received and that they would be certified as revenues.

However, just two days before the budget was to be introduced, and only a week after saying the exact opposite, the administration declared that it would refuse to certify that same \$450 million. The Legislature, until that moment, never learned that the money wasn't coming, and shouldn't have been expected to come. In fact, the money hasn't been received as of this day.

This process brought the budget cycle to a new low, creating a crisis atmosphere that need not, and should not, have occurred. We need, as a Committee and as a Legislature, to ensure that such an episode is not repeated in the upcoming, and equally challenging budget cycle for Fiscal Year 1994.

One of the major questions that needs to be answered and addressed by this Committee is: Should the administration have counted on this money in the first place? Moreover, why was the Legislature assured, time and again, that this considerable sum of money would be forthcoming, when the Federal government, months earlier, as early as January 1992, had already informed the State that it had serious questions concerning New Jersey's application for the additional Medicaid reimbursement.

The bottom line is that the issue is still unresolved. The State hasn't received the money. This

Committee will focus its efforts to determine precisely what level of Medicaid reimbursement New Jersey is entitled to.

We can't allow this to happen again. The Appropriations Committees need accurate, honest information to do their work. We can't tolerate another eleventh hour about-face that undermines the budget by a half billion dollars. We need, as a Legislature, to be confident that the Governor's projections are realistic and accurate. Therefore, this Committee will be making recommendations concerning future budget treatment of such speculative revenues. We can't allow another budget blunder to wreak havoc on the lives of State employees, the health of the State's economy, and the confidence of our State's citizens in government.

People of New Jersey are tired of budget gimmicks and political tricks. They deserve a budget that accurately reflects the current economic situation; a budget that is free of one-time revenues and structural deficits. In short, a budget that is fiscally responsible. Obtaining such a budget is my goal and the goal of this Committee.

SENATOR LaROSSA: Thank you, Assemblyman Bagger.  
Assemblywoman Derman.

ASSEMBLYWOMAN DERMAN: Thank you, Mr. Chairman.

As a "freshman" legislator, I committed myself to understanding the budgetary process. Time after time, however, the numbers upon which the State budget were based, changed. Projections dwindled and Federal receipts evaporated -- as if the figures were written with disappearing ink. Unfortunately, Federal Medicaid contributions are no child's prank, and I struggle to understand the problem. The budgets of State government are no different than the budgets of public companies, closely held businesses, or tax-exempt organizations. Forecasts are only entered after they have been analyzed and represent a reasonable degree of certainty with

deference to generally accepted accounting principles. Budgets should not be wish lists, nor political statements. Indeed, revenue forecasts should be antiseptically apolitical. They should be based on line items submitted after appropriate inquiry. Guarantees are not required, but neither can speculation be tolerated.

Finally, such words as "if," "maybe," "assuming," or "contingent," have no place in the budgetary process.

I have always believed that knowledge is power and I, therefore, was delighted to be appointed to serve on this Committee. To me, its mission is to define, once and for all, what went wrong and how we can avoid such mistakes in the future. We owe no less to the people of the State of New Jersey.

Thank you.

SENATOR LaROSSA: Thank you.

Assemblyman Kenny.

ASSEMBLYMAN KENNY: Thank you, Mr. Chairman.

I certainly agree with the remarks of the Chairman regarding the good-faith effort that this Committee must make to examine a very serious issue. I'm very pleased to hear that he's had the full cooperation of the executive branch, and I assume by that he means the Governor of the State of New Jersey.

SENATOR LaROSSA: Yes.

ASSEMBLYMAN KENNY: And I hope that he also receives the full cooperation of the executive branch of the national government, as well, because they are a very important party to this matter that's before us.

Now on that issue, I note that in the rules there is the power in this Committee to compel testimony from witnesses. I assume you mean by that, subpoena power?

SENATOR LaROSSA: Yes.

ASSEMBLYMAN KENNY: Will that subpoena power also extend to Federal officials?

SENATOR LaROSSA: We have no jurisdiction.

ASSEMBLYMAN KENNY: I find that that is a problem for me, because if we can subpoena State officials to come in here and be forced to testify on issues, how are we going to get their counterparts in the Federal government, who have played a very important role in this reimbursement question-- How are you going to get them before this Committee?

SENATOR LaROSSA: Well, so far we've received the same degree of full cooperation from the Federal government and we, I think reasonably, can expect that continued cooperation.

ASSEMBLYMAN KENNY: Well, may I ask, if it's requested by a member on either side to bring a Federal official forward, will the Chair call him forward?

SENATOR LaROSSA: We'll call him and make every attempt to get him here, and, if necessary, make an attempt to convene a meeting in Washington, as well.

ASSEMBLYMAN KENNY: Okay. Very good.

There is an important issue here, and I believe that we must get to the bottom of the whole Medicaid reimbursement question. I just want to note that I have provided a forum here today as a Democrat. I did that because I felt that it was my duty to get these hearings underway, and to start what is the very important process of examining a substantive issue.

I do have a concern: Although the remarks today have been fairly reasonable by the Majority party, I do have some concern that there may be a drift toward partisanship as we go along. I hope there is not, because the issue here goes back to 1988. The former administration of Governor Kean played a role in this whole question of how much money was applied for, if it was applied for, and whether it was reimbursed or not. So there's a great deal of ground to cover, and I believe that if we get to the point where the purpose of this Committee becomes political, that we're not going to achieve the objective, which is to arrive at a solution as to what the

current state of the moneys is, to what extent we're going to benefit by this reimbursement, and in the future, how we're going to be able to institutionalize a procedure that we get the reimbursements without having to go through the process that we have gone through over the past few years.

Some comments were made by Assemblyman Bagger regarding the budget and the eleventh hour, and so on and so forth. You know, I don't want to get into a rehashing of the budget. I also sit on the Appropriations Committee. Let me just say, this was just one component of many that we discussed in the Appropriations Committee and on the floor of the Assembly. There were many eleventh hour dramas that went on right up until June 30, and that are still going on.

One piece of information, ironically, that was discussed before the Appropriations Committee well in advance of the adoption of the budget, was the expert testimony of Hy Grossman of Standard and Poor's that the repeal of the sales tax would not generate revenues to the State that would compensate for the loss of the \$600 million. In fact, that has come to pass, but that testimony was discounted. So there were plenty of opportunities in the budget process, well in advance of the eleventh hour, that were discounted by the Republican Party. There's the Pension Reval which Assemblyman Bagger did such a wonderful job on, and I honestly mean that -- an \$800 million one-shot fix that is in the budget this year that was amended on the floor right up until the wee hours of the morning, right before June 30. We still have a \$1 billion structural deficit in the budget. So, there's a lot of blame to throw around regarding the State of New Jersey's fiscal crisis and a lot of it is shared by the Republican Party.

I'm here -- being appointed by the Speaker and at the direction of the Minority Leader, Assemblyman Doria -- to get to the bottom of this issue. As long as we try to get to the bottom of this issue, I'm going to be on board and I'm going to



work with the Chairman and his colleagues. The minute we get off track and try to point a partisan finger, I'm going to be in there pointing partisan fingers, too. I'll do what I have to do to make sure that the party that I represent is not blamed for what has happened here in this particular year, when what we have here is an institutional problem.

Thank you, Mr. Chairman.

SENATOR LaROSSA: Thank you, Assemblyman. If I may just briefly respond to one point which I think is a very important point: I'll restate a comment I made in my opening statement, and that is: Our intent is to operate honestly, seek the facts, and let the facts frame not only our discussions, but our conclusions, as well. I think it is absolutely essential. I think that the budgetary process and review that this State undergoes, regardless as to which party is in control of either the executive or legislative branch, is essential to the safety and welfare of the entire State of New Jersey. I hope that we, in fact, will keep to the facts and let that be the motivating factor behind what the conclusions are of this Committee. I appreciate your concern and it's duly noted.

I believe at-- Do we need a vote to release the documents? We've already done that? Okay. (confers with aide)

Finally, I guess we'll announce the next Committee meeting?

Okay, we'll tentatively schedule the next Committee meeting. As I said, we do not know how serious Senator Bennett's illness is, but we'd like to tentatively schedule the first hearing where we will be taking testimony as well, on Wednesday, the 23rd of September, at 10:00, in this room. Just to reinforce, I mentioned earlier on that the binders that we have here-- There are approximately 16 copies of the documents which we have received today that are readily available and accessible to members of the public and the press.

ASSEMBLYMAN KENNY: Excuse me, Mr. Chairman. Do you have a list of witnesses that are going to be called up on September 23rd?

SENATOR LaROSSA: Not as yet.  
The meeting is adjourned.

**(MEETING CONCLUDED)**

APPENDIX





NEW JERSEY SENATE

SENATE CHAMBERS

CN099

TRENTON, NEW JERSEY 08625-0099

September 2, 1992

GOALS AND PRIORITIES FOR THE  
JOINT SELECT COMMITTEE ON MEDICAID REIMBURSEMENT

by Senator Dick LaRossa

*Select Committee Chairman*

In a letter to John Adams, Thomas Jefferson outlines the role of honesty in what he termed as "government," and I quote:

*"The whole of government consists in the art of being honest."*

As I open the proceedings for the organizational meeting of the Joint Select Committee on Medicaid Reimbursement, let me emphasize the seriousness with which I believe we all accept the task before us.

Our intent is to operate honestly, seek the facts, and let those facts frame not only our discussion but our conclusions.

I hope I can speak for all of the members today when I say that we all seek "honest" answers to the pressing problems which threatened the integrity of our State's budget process this past year. If unaddressed and unresolved, this unique reimbursement situation could repeat itself and compromise next year's budgetary review process as well.

Therefore, we want to discover the exact cause of this situation in order to have a clear picture for the present and coming fiscal years.

Our objectives and legislative mission are quite explicit. Senate Concurrent Resolution SCR-65 empowered this body with a specific public policy focus, and I quote:

***"It shall be the duty of the committee to review the issues and circumstances surrounding the Executive Branch's December 1991 application to the federal Health Care Financing Administration (HCFA) for \$450 million in federal Social Security Title XIX Medicaid uncompensated care retroactive claims for disproportionate share payments for State and county psychiatric hospitals."***

The empowering legislation sets forth two key areas of review in order to determine the circumstances surrounding the \$450 million reimbursement dispute, and I quote:

- A. ***"The committee shall examine the decision on the part of the Executive Branch to include all of the \$450 million in the projected State revenues for Fiscal Year 1992."***
  
- B. ***"The committee shall examine and determine the exact amount of retroactive reimbursement payments for State and county psychiatric hospitals New Jersey is qualified to receive."***

It is my opinion that our review needs to address the circumstances surrounding the last minute decertification of these monies. Additionally, I believe that we should verify whether or not the HCVA declaration of \$126 million due may be jeopardized by not signing off or certifying those monies.

Obviously, something went wrong, and we are unsure of what and why. But clearly, no one can dispute these facts. There is a conflict between the amount of money anticipated and what the federal government is willing to reimburse for retroactive claims for State and county psychiatric hospitals. Through an open, fair and accountable select committee process, we intend to find out what went wrong and recommend corrective action.

Today is primarily a procedural meeting in which we adopt committee rules to govern our operation, set the date for our next meeting, and release to committee members and the public a briefing packet with research gathered to date. Therefore, I do not expect us to discuss thoroughly the circumstances surrounding this particular case.

In order to arrive at the truth regarding the Medicaid funding controversy, the legislative and executive branches must share information. To this point, we have received full cooperation from the executive branch. I hope the "spirit of cooperation" continues.

To the skeptics who doubt the necessity of reviewing the inclusion of a projected \$450 million reimbursement in a Fiscal Year Budget and the circumstances leading to the "loss" of that money thought previously to be guaranteed, I have only one thing to say.

The budgetary planning integrity of New Jersey state government cannot and should not fall victim to application or regulatory interpretation errors. A \$450 million budget gap at the last minute of the budget process undermines the purpose of an accountable Legislative budgetary review process.

Sensationalism is not the guiding principle of the factual review process that will be conducted on the part of the Joint Select Committee on Medicaid Reimbursement. The facts surrounding this \$450 million controversy will lead us to our conclusions. The citizens who fund the operation of New Jersey's state government deserve nothing less. Therefore, we accept our responsibility to develop a detailed set of conclusions which are founded upon the facts and to recommend steps which insure that similar situations will not occur in the future.

Let me conclude by quoting an old sage, Albert Schweitzer, physician and philosopher, who reminds us of timetable for securing the truth, and I quote:

*"Truth has no special time of its own. Its hour is now - always."*

Thank you for the opportunity to present the overview for our deliberations, and Assemblyman Bagger will now speak in his capacity as vice chairman.



MEDICAID REIMBURSEMENT HEARING STATEMENT

By ASSEMBLYMAN RICHARD BAGGER

SEPTEMBER 2, 1992

THANK YOU, MISTER CHAIRMAN.

AS SENATOR LAROSSA HAS MADE QUITE CLEAR,  
THIS BI-PARTISAN JOINT SELECT COMMITTEE WAS  
CONVENED NOT TO RANDOMLY POINT FINGERS OF  
BLAME BUT RATHER TO ASCERTAIN EXACTLY WHY  
THIS SITUATION OCCURRED AT ALL, AND MORE  
IMPORTANTLY, TO ASSURE THAT THIS NEVER  
HAPPENS AGAIN.

THE BUDGET PROCESS IS A DELICATE BALANCING ACT THAT REQUIRES AN ACCURATE ASSESSMENT OF REVENUES AND EXPENDITURES. THERE MUST BE AN ELEMENT OF GOOD FAITH BETWEEN THE EXECUTIVE AND LEGISLATIVE BRANCHES IF THERE IS TO BE ANY HOPE OF CRAFTING A BUDGET THAT GETS THE MAXIMUM USE FROM TAX DOLLARS AND DELIVERS ESSENTIAL STATE GOVERNMENT SERVICES. THAT GOOD FAITH WAS SHATTERED THIS YEAR. INCLUDED IN THE GOVERNOR'S PROPOSED BUDGET WAS \$450 MILLION IN ADDITIONAL MEDICAID REIMBURSEMENT. THE APPROPRIATIONS COMMITTEES WERE REPEATEDLY ASSURED AS LATE AS ONE WEEK BEFORE THE BUDGET BILL WAS PRESENTED, THAT THE ADMINISTRATION EXPECTED THE FUNDS TO BE RECEIVED AND THAT GOVERNOR FLORIO WOULD CERTIFY THEM AS REVENUE.

AMAZINGLY, JUST TWO DAYS BEFORE THE BUDGET WAS TO BE INTRODUCED, AND ONLY A WEEK AFTER SAYING THE EXACT OPPOSITE, THE ADMINISTRATION DECLARED IT WOULD REFUSE TO CERTIFY THAT SAME \$450 MILLION. THE LEGISLATURE THEN LEARNED THAT THE MONEY WAS NOT COMING, AND SHOULD NEVER HAVE BEEN EXPECTED TO COME. IN FACT, IT HAS NOT COME TO THIS DAY.

THIS MANEUVER BROUGHT THE BUDGET PROCESS TO A NEW LOW. CREATING A CRISIS ATMOSPHERE THAT NEED NOT, AND SHOULD NOT, HAVE OCCURRED. WE NEED TO ASSURE THAT SUCH AN EPISODE IS NOT REPEATED IN THE UPCOMING, AND EQUALLY CHALLENGING BUDGET CYCLE.

ONE OF THE MAJOR QUESTIONS WHICH NEEDS TO BE ANSWERED IS: SHOULD THE ADMINISTRATION HAVE COUNTED ON THIS MONEY IN THE FIRST PLACE? MOREOVER, WHY WAS THE LEGISLATURE ASSURED, TIME AND AGAIN, THAT THIS CONSIDERABLE SUM OF MONEY WOULD BE FORTHCOMING WHEN THE FEDERAL GOVERNMENT, GOING BACK TO JANUARY 1992, HAD ALREADY INFORMED THE STATE THAT IT HAD SERIOUS QUESTIONS CONCERNING NEW JERSEY'S APPLICATION FOR REIMBURSEMENT.

THE BOTTOM LINE IS THAT WE STILL HAVE NOT RECEIVED THIS MONEY. THIS ISSUE IS STILL UNRESOLVED. PURSUANT TO THE SENATE RESOLUTION, THIS COMMITTEE WILL FOCUS ITS EFFORTS TO DETERMINE PRECISELY WHAT LEVEL OF MEDICAID REIMBURSEMENT TO WHICH NEW JERSEY IS ENTITLED.

QUITE FRANKLY, WE CANNOT ALLOW THIS TO HAPPEN AGAIN. THE APPROPRIATIONS COMMITTEES NEED ACCURATE, HONEST INFORMATION TO DO THEIR WORK. WE CANNOT TOLERATE ANOTHER ELEVENTH HOUR ABOUT FACE THAT UNDERMINES THE BUDGET BY A HALF BILLION DOLLARS. WE MUST BE CONFIDENT THAT THE GOVERNOR'S PROJECTIONS ARE REALISTIC AND ACCURATE. THIS COMMITTEE WILL MAKE RECOMMENDATIONS CONCERNING FUTURE BUDGET TREATMENT OF SUCH SPECULATIVE REVENUES. WE MUST NOT ALLOW ANOTHER BUDGET BLUNDER TO WREAK HAVOC WITH THE LIVES OF STATE EMPLOYEES, THE HEALTH OF THE STATE'S ECONOMY AND THE CONFIDENCE OF OUR CITIZENS.

THE PEOPLE OF THIS STATE ARE TIRED OF BUDGET GIMMICKS AND POLITICAL TRICKS. THEY DESERVE A BUDGET THAT ACCURATELY REFLECTS THE CURRENT ECONOMIC SITUATION, A BUDGET THAT IS FREE OF ONE TIME REVENUES AND STRUCTURAL DEFICITS. IN SHORT, A BUDGET THAT IS FISCALLY

RESPONSIBLE.

OBTAINING SUCH A BUDGET IS OUR GOAL.



