

**CHAPTER 31B
HOSPITAL FINANCING**

Authority

N.J.S.A. 26:2H-1 et seq.

Source and Effective Date

R.2000 d.339, effective July 24, 2000.
See: 32 N.J.R. 1364(a), 32 N.J.R. 3059(b).

Executive Order No. 66(1978) Expiration Date

Chapter 31B, Hospital Financing, expires on July 24, 2005.

Chapter Historical Note

Subchapter 1, Hospital Rate Commission, was adopted as R.1979 d.285, effective July 20, 1979. See: 11 N.J.R. 233(a), 11 N.J.R. 439(c). Pursuant to Executive Order No. 66(1978), Subchapter 1 expired on July 19, 1984.

Subchapter 4, Financial Elements and Reporting, was adopted as R.1979 d.407, effective October 17, 1979. See: 11 N.J.R. 329(a), 11 N.J.R. 550(a).

Subchapter 3, Financial Monitoring and Reporting Regulations, was adopted as R.1979 d.408, effective October 17, 1979. See: 11 N.J.R. 436(a), 11 N.J.R. 550(b).

Subchapter 2, Hospital Reporting of Uniform Bill—Patient Summaries (Inpatient), was adopted as R.1979 d.450, effective November 13, 1979. See: 11 N.J.R. 435(b), 11 N.J.R. 621(a).

Subchapter 5, Diagnosis Related Groups, was adopted as R.1982 d.27, effective February 1, 1982. See: 13 N.J.R. 726(b), 14 N.J.R. 147(b).

Subchapter 6, Mobile Intensive Care Units, was adopted as R.1982 d.38, effective February 16, 1982. See: 13 N.J.R. 647(a), 14 N.J.R. 208(a).

The Executive Order No. 66(1978) expiration date for Subchapter 2, Hospital Reporting of Uniform Bill—Patient Summaries (Inpatient), was extended by gubernatorial directive from November 14, 1984 to February 12, 1985 and the Executive Order No. 66(1978) expiration dates for Subchapter 3, Financial Monitoring and Reporting Regulations, and Subchapter 4, Financial Elements and Reporting, were extended by gubernatorial directive from October 17, 1984 to October 17, 1985. See: 16 N.J.R. 2733(a).

Pursuant to Executive Order No. 66(1978), Subchapter 2, Hospital Reporting of Uniform Bill—Patient Summaries (Inpatient), was readopted as R.1984 d.610, effective December 17, 1984. See: 16 N.J.R. 2728(a), 17 N.J.R. 80(b).

Pursuant to Executive Order 66(1978), Subchapter 3, Financial Monitoring and Reporting Regulations, was readopted as R.1985 d.551, effective October 15, 1985. See: 17 N.J.R. 2000(a), 17 N.J.R. 2633(a).

Pursuant to Executive Order No. 66(1978), Subchapter 4, Financial Elements and Reporting, was readopted as R.1985 d.550, effective October 15, 1985. See: 17 N.J.R. 2004(a), 17 N.J.R. 2637(a).

Subchapter 7, Uncompensated Care Trust Fund, was adopted as R.1987 d.298, effective July 20, 1987. See: 19 N.J.R. 495(a), 19 N.J.R. 1297(a).

Subchapter 6, Mobile Intensive Care Units, was repealed by R.1990 d.462, effective September 17, 1990. See: 22 N.J.R. 1480(a), 22 N.J.R. 3004(a).

Subchapter 5, Diagnosis Related Groups, was repealed by R.1993 d.593, effective November 15, 1993. See: 25 N.J.R. 3117(a), 25 N.J.R. 3566(a), 25 N.J.R. 5149(a).

Subchapter 7, Uncompensated Care Trust Fund, was repealed by R.1993 d.668, effective December 20, 1993. See: 25 N.J.R. 3125(a), 25 N.J.R. 6016(a).

Pursuant to Executive Order No. 66(1978), Chapter 31B, Hospital Rate Setting, was readopted as R.1990 d.462, effective August 17, 1990. See: 22 N.J.R. 1480(a), 22 N.J.R. 3004(a).

Petition for Rulemaking. See: 24 N.J.R. 4131(a), 24 N.J.R. 4290(a).

Pursuant to Executive Order No. 66(1978), Chapter 31B, Hospital Financing, was readopted as R.1995 d.507, effective August 14, 1995. See: 27 N.J.R. 2148(a), 27 N.J.R. 3481(a).

Subchapter 5, Standards for Hospital Notification Regarding Offset of Medicaid Payments and Charity Care Subsidy Payments to Collect Hospital Debts Due to the State, was adopted as new rules by R.1998 d.569, effective December 7, 1998. See: 30 N.J.R. 3179(a), 30 N.J.R. 4221(a).

Pursuant to Executive Order No. 66(1978), Chapter 31B, Hospital Financing, was readopted as R.2000 d.339, effective July 24, 2000. See: Source and Effective Date. See, also, section annotations.

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SUBCHAPTER 1. GENERAL PROVISIONS

8:31B-1.1 Purpose and scope

The purpose of this chapter is to satisfy the requirements of the Health Care Facilities Planning Act, P.L. 1971, c.136 as amended by P.L. 1978, c.83; P.L. 1991, c.187; and P.L. 1992, c.160, and support the public policy of the State that hospital and related health care services of the highest quality, of demonstrated need, efficiently provided and properly utilized at a reasonable cost, be available to inhabitants of the State.

Amended by R.1993 d.593, effective November 5, 1993.
 See: 25 N.J.R. 3117(a), 25 N.J.R. 3566(a), 25 N.J.R. 5149(a).

Case Notes

New Jersey statutes and regulations were not preempted by ERISA because they referred to self-funded union plan. *United Wire, Metal and Mach. Health and Welfare Fund v. Morristown Memorial Hosp.*, C.A.3 (N.J.)1993, 995 F.2d 1179, certiorari denied 114 S.Ct. 382, 126 L.Ed.2d 332, leave to file for rehearing denied 115 S.Ct. 536, 130 L.Ed.2d 438, rehearing denied 114 S.Ct. 651, 126 L.Ed.2d 608, certiorari denied 114 S.Ct. 383, 126 L.Ed.2d 332, rehearing denied 114 S.Ct. 743, 126 L.Ed.2d 706.

Rate setting and review; peer comparison; reimbursement. In re: 1976 Hospital Reimbursement for Kessler Memorial Hospital, 78 N.J. 564, 397 A.2d 656 (1979).

8:31B-1.2 Definitions

The following words and terms, as used in this chapter, shall have the following meanings unless the context clearly indicates otherwise.

“Adjusted admissions” means inpatient admissions increased to reflect outpatient activity and is calculated by admissions multiplied by total gross revenue divided by inpatient gross revenue.

“Audited Current Cost Base” means the current cost base of the hospital, as adjusted as a result of audits conducted by the Department and/or acceptance by the Department of adjustments initiated by the hospital, in addition to the adjustments.

“Current Cost Base” means the actual costs and revenues of the hospital as identified in the Financial Elements in the reporting period, as adjusted by the Department for completeness and/or mathematical accuracy.

“Department” means the New Jersey Department of Health and Senior Services.

“Financial Elements” means those items of revenue, expenses and other data defined in N.J.A.C. 8:31B-4 for reporting to the Department of Health and Senior Services.

“Hospital” means a general hospital that is licensed in accordance with N.J.A.C. 8:43G or a special hospital eligible for Medicaid Disproportionate Share subsidies that is licensed in accordance with N.J.A.C. 8:43G.

“Neonate” means a newborn less than 29 days of age.

“Reporting Period” means the most recent calendar or fiscal year prior to the June 30th submission deadline for the hospital’s current cost base reports.

“Reporting Year” means the year in which current financial and statistical data is being reported.

“Uniform Bill–Patient Summary” (also referred to as the UB–82) means a common billing and reporting form used by the hospital for each inpatient (see N.J.A.C. 8:31B–2).

Amended by R.1991 d.158, effective March 18, 1991.
 See: 22 N.J.R. 3724(a), 23 N.J.R. 898(a).

Definitions for full rate review and prospective operating adjustment added.

Amended by R.1992 d.62, effective February 3, 1992.
 See: 23 N.J.R. 3097(a), 24 N.J.R. 425(a).

Definition for Preliminary Cost Base revised.
 Amended by R.1993 d.593, effective November 15, 1993.

See: 25 N.J.R. 3117(a), 25 N.J.R. 5149(a).
 Amended by R.2000 d.339, effective August 21, 2000.
 See: 32 N.J.R. 1364(a), 32 N.J.R. 3059(b).

Inserted “Department”.

Amended by R.2003 d.40, effective January 21, 2003.
 See: 34 N.J.R. 2237(a), 34 N.J.R. 2549(b), 35 N.J.R. 408(a).

Added “Audited Current Cost Base”, “Hospital” and “Reporting Period”; deleted “Base year”, “Equalization Factor”, “Labor Market Area”, “Preliminary Cost Base”, “Utilization Review Committee” and “Utilization Review Organization (URO)”; amended “Current Cost Base”.

SUBCHAPTER 2. HOSPITAL REPORTING OF UNIFORM BILL DATA (INPATIENT, SAME-DAY SURGERY AND EMERGENCY DEPARTMENT OUTPATIENT)

8:31B-2.1 Purpose

(a) The purpose of this subchapter is to provide the basis for a single patient data reporting system to satisfy the health planning requirements of the Health Care Reform Act of 1992 (P.L. 1992, c.160). The subchapter incorporates

herein by reference the National Uniform Bill (UB-92, HCFA-1450) as the common hospital billing format for all payers. The data elements and design of the form have been determined by the National Uniform Billing Committee (NUBC). The NUBC includes representatives of the Federal Government, major payers and hospital associations. The NUBC is a Designated Standard Maintenance Organization (DSMO) in accordance with the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 as adopted by the United States Congress. The Uniform Bill may be transmitted electronically according to a format for Health Care Claim: Institutional 837, developed and maintained by another DSMO, Accredited Standards Committee X12 (ASC X12) of the American National Standards Institute (ANSI). The UB-92 and Health Care Claim: Institutional 837 and succeeding updates are incorporated herein by reference. The UB-92 can be obtained from the American Hospital Association, National Uniform Billing Committee, 29th Floor, 1 North Franklin, Chicago, IL 60606. The Health Care Claim: Institutional 837 can be obtained from Washington Publishing Company, 5284 Randolph Road, Rockville, MD 20852-2116.

(b) This subchapter will continue to allow hospitals to:

1. Satisfy Department of Health and Senior Services reporting requirements for patient level clinical and financial information;
2. Allow for common and consistent reporting of revenues for services related to patient care; and
3. Promote uniformity and accuracy of patient data reporting. Confidentiality of individual patients and physicians shall be maintained in fulfilling the above purposes.

Amended by R.1984 d.610, effective January 7, 1985.
 See: 16 N.J.R. 2728(a), 17 N.J.R. 80(b).
 Amended by R.1993 d.362, effective July 19, 1993.
 See: 25 N.J.R. 1660(a), 25 N.J.R. 3205(a).
 Amended by R.1994 d.488, effective September 19, 1994.
 See: 26 N.J.R. 10(a), 26 N.J.R. 3839(a).
 Amended by R.2000 d.339, effective August 21, 2000.
 See: 32 N.J.R. 1364(a), 32 N.J.R. 3059(b).
 Amended by R.2003 d.459, effective December 1, 2003.
 See: 35 N.J.R. 1826(a), 35 N.J.R. 5376(a).
 Rewrote (a).

8:31B-2.2 Implementation

Beginning January 1, 1981, N.J.A.C. 8:31B-2.1, the rule on Hospital reporting of Uniform Bill Patient Summaries (Inpatient), has been used as a common billing and reporting mechanism for each inpatient discharged and ambulatory same day surgery outpatient treated in each acute care general hospital. As of December 1, 2003, this rule will also apply to emergency department outpatients.

Amended by R.1981 d.404, effective November 2, 1981.
 (to become operative January 1, 1982).
 See: 13 N.J.R. 410(a), 13 N.J.R. 756(c).
 Added paragraph (g) 1-3.
 Amended by R.1984 d.610, effective January 7, 1985.

See: 16 N.J.R. 2728(a), 17 N.J.R. 80(b).
 Amended by R.1989 d.154, effective March 20, 1989.
 See: 20 N.J.R. 3057(a), 21 N.J.R. 752(b).
 Newborn inpatient birthweight and Severity of Illness indicators added to DRGs.
 Amended by R.1992 d.62, effective February 3, 1992.
 See: 23 N.J.R. 3097(a), 24 N.J.R. 425(a).
 (c)2i revised.
 Amended by R.1993 d.362, effective July 19, 1993.
 See: 25 N.J.R. 1660(a), 25 N.J.R. 3205(a).
 Amended by R.2000 d.339, effective August 21, 2000.
 See: 32 N.J.R. 1364(a), 32 N.J.R. 3059(b).
 Substituted a reference to acute care general hospitals for a reference to hospitals covered under Chapter 83, P.L. 1978.
 Amended by R.2003 d.459, effective December 1, 2003.
 See: 35 N.J.R. 1826(a), 35 N.J.R. 5376(a).
 Added the last sentence.

8:31B-2.3 Billing form

(a) The UB-92 is a multi-part form set. Detailed specifications are included with the UB-92 completion guidelines.

(b) The form is designed to be typed or computer printed. It will be available as unit sets or in a printed version. The number of copies in each form set will be determined by the hospital according to its planned use of the forms.

Amended by R.1984 d.610, effective January 7, 1985.
 See: 16 N.J.R. 2728(a), 17 N.J.R. 80(b).
 Amended by R.1993 d.362, effective July 19, 1993.
 See: 25 N.J.R. 1660(a), 25 N.J.R. 3205(a).
 Amended by R.1994 d.488, effective September 19, 1994.
 See: 26 N.J.R. 10(a), 26 N.J.R. 3839(a).
 Amended by R.2000 d.339, effective August 21, 2000.
 See: 32 N.J.R. 1364(a), 32 N.J.R. 3059(b).
 In (a), deleted "printed in red ink" at the end.

8:31B-2.4 Guidelines for completion of the patient billing and abstract form

(a) Procedural guidelines for completing the patient billing and abstract form follows:

1. Guidelines for completing the billing form, UB-92 HCFA-1450, have been developed by the NUBC for Medicare, Civilian Health and Medical Program of the Uniformed Services (CHAMPUS), and Commercial Insurers.

2. Specific instructions for Blue Cross, Medicaid, and other payers will be provided by those payers.

3. Additional data elements required for the Department of Health and Senior Services by this rule are described in detail by an addendum to the National Uniform Bill Manual. Note: The addendum consists of instructions for filling out the new, Federally mandated form; copies of the addendum can be obtained from the Department.

(b) Billing timelines requirements are as follows:

1. A UB-92 must be completed, finalized and submitted to the Data Intermediary for each patient within 30 days of discharge of the patient.