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June 8, 2010 - Take Two: Governor Christie Continues Commitment To Charity Care

"It is a priority to protect our hospitals and those they serve. This budget stands up for hospitals...despite all our other fiscal challenges." - Governor Chris Christie, March 16, 2010

Even as New Jersey faces an economic and fiscal crisis, it is still a core mission of state government to protect the most vulnerable in our state. The Governor's Fiscal Year 2011 Budget demonstrates that providing healthcare for the uninsured - those hardest hit by the economic recession - is such a priority.

- Under the Governor's proposal, 72 hospitals will receive \$665 million in Charity Care funding for the state fiscal year that begins on July 1. That represents a \$85 million increase over current funding and maximizes matching federal funding at the same time. These funds will strengthen the health care safety net for New Jersey residents when they need it most.
- Statewide, more than 300,000 people will receive medical care through Charity Care this year. These patients are treated for asthma, appendicitis, heart disease, strokes, pneumonia and other illnesses in emergency rooms, outpatient clinics and hospitals across this state.
- In order to achieve greater funding for New Jersey's hospitals, this budget eliminates an artificial cap in order to attract federal matching funds. By doing this, the budget allocates 100 percent of the new revenues - and matching dollars - back into hospital funding.
- Additionally, this budget maintains \$40 million in funding for Federally Qualified Health Centers.
- A Healthcare Stabilization Fund of \$30 million is also included in the budget.

Improving the Funding Formula to Strengthen the Healthcare Safety Net

This year's budget maximizes federal matching dollars, creates a more equitable distribution of funds to hospitals, protects safety net hospitals and responsibly manages the financial risk to hospitals by reducing the year to year funding changes.

Improving the Distribution Formula to Broaden Funding. In an improvement from previous years, this year's budget consolidates from three to two tiers to allow for a more equitable distribution of funds among hospitals, while minimizing any negative consequences for safety net hospitals.

Reducing Year to Year Funding Changes. By expanding the corridors for the gain or loss to any institution to be a maximum of 55 percent of the difference between the initial calculation of their FY2011 Charity Care subsidy and the total FY2010 amount received.

Increasing the Reimbursement Floor. The FY2011 budget increases the reimbursement floor from 5 cents on the dollar to 15 cents on the dollar. This makes the formula more equitable for those hospitals that received the most limited amount of reimbursement in the past.

Praise for Governor Christie's FY2011 Budget Protecting New Jersey's Hospitals

New Jersey Hospital Association - "The NJHA Board of Trustees today voiced its support for Gov. Christie's 2011 budget proposal in terms of the expressed prioritization of hospitals; increased funding to charity care; preservation of graduate medical education, Hospital Relief Subsidy and Mental Health Subsidy funds; and maintenance of the Healthcare Stabilization Fund." (New Jersey Hospital Association Press Release)

Hospital Alliance - "Applauds Governor Christie for preserving the healthcare safety net. In a time of unprecedented budget turmoil, the Governor demonstrated strong leadership by making access to healthcare a top priority. Hospital Alliance has long advocated for creative funding solutions to preserve important programs like charity care." (Hospital Alliance Press Release)

Ronald C. Rak, President/CEO St. Peter's Healthcare System - "In this difficult economic climate, we are encouraged by Governor Christie's commitment to ensure that the State's underprivileged population and the healthcare system that serves them are priorities in the Governor's proposed budget." (Statement from President/CEO St. Peter's Healthcare System)

Bruce J. Markowitz, President and CEO, Palisades Medical Center - "In these tough economic times Governor Christie is commended for his support of New Jersey Hospitals by increasing funding for Charity Care in the SFY 2011 budget. The Governor has shown his commitment to the citizens of New Jersey who are most needy by ensuring access to high quality health care services in the urban communities, I look forward to working with Governor Christie and his administration." (Statement from Bruce J. Markowitz, President and CEO, Palisades Medical Center)

Reuben Rotman, Executive Director of the Jewish Family Service of MetroWest - "Praised the governor for maintaining some safety net services which I think are critical." (Robert Wiener, "Christie budget spares some safety net

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items," [NJN](#), 3.17.10)

Alex Hatala, CEO of Catholic Health East NJ - "Catholic Health East NJ hospitals, like hospitals across our state, treat all patients who come through their doors, regardless of their ability to pay. Collectively, N.J. hospitals provide nearly \$1.4 billion in charity care services to New Jerseyans without health insurance. We applaud Gov. Christie for recognizing this essential program in his 2011 budget proposal and dedicating increased funding to provide healthcare services to those who have lost their health insurance. It's critically important to those patients in need, but also to residents across our state who count on a viable network of hospitals to provide the services they and their families depend on. We know there is much work ahead to address the state's financial challenges as well as our healthcare needs, and we look forward to continued collaboration with the Christie Administration and our legislators to tackle those issues together." (Statement from Alex Hatala, CEO of Catholic Health East NJ)

New Jersey Council of Teaching Hospitals - "NJCTH is pleased that Governor Christie's proposed 2011 budget recognizes that chronic state government underfunding has been one of the root causes contributing to the hospital industry's extreme financial distress for many years. We applaud his decision to infuse \$60M of new money for charity care, particularly in the face of cuts to so many other important services in order to balance an unprecedented budget shortfall. Teaching hospitals in particular deliver the majority of charity care and maintaining state-subsidized services to the working class uninsured is vital to the well-being of our state, now more than ever." (New Jersey Council of Teaching Hospitals Press Release)

John Sheridan, Cooper University Hospital in Camden Chief Executive Officer - Praised Christie's efforts to increase state aid to hospitals and maintain level funding for those that provide residencies to doctors in training. "This is a very good effort on the part of the governor to try to come up with the funds to address some serious financial problems." (Chelsea Conaboy, "Hospitals will get more, and also give more," [Philadelphia Inquirer](#), 3.22.10)

Alan Zuckerman, President of the Consulting Firm Health Strategies & Solutions in Philadelphia - "New Jersey hospitals "should thank their lucky stars" for the budget Christie proposed. They could have been hit with major cuts in aid. And with most hospitals dealing with negligible or negative operating margins, he said, the fallout would have been severe." (Chelsea Conaboy, "Hospitals will get more, and also give more," [Philadelphia Inquirer](#), 3.22.10)

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