

Governor Phil Murphy

# Governor Murphy Signs Legislation to Improve Hospital Transparency and Expand Reporting Requirements

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**TRENTON** – Governor Phil Murphy today signed legislation (A5916 and A5918) to improve hospital transparency and expand reporting requirements. The bills, which will provide more financial and operational insight into New Jersey’s hospitals, will ensure that these facilities will not abruptly discontinue services and leave communities without access to care. Today’s signings build upon Governor Murphy’s signing of A5917 last week, which increased the Department of Health’s oversight of hospital finances.

“New Jersey is home to some of the nation’s leading hospitals, health care facilities, and treatment centers,” **said Governor Murphy**. “By requiring these institutions to disclose financial distress and expand their reporting obligations, we will enhance operational transparency and ensure that our communities have access to high-quality, affordable health care.”

Governor Murphy signed the following bills:

**A5916 (Chiaravalloti, McKnight, Karabinchak/Cunningham, Weinberg)** – Authorizes DOH to notify elected officials of financial distress of certain hospitals.

**A5918 (Chiaravalloti, McKnight/Weinberg, Cunningham, Vitale)** – Expands hospital reporting requirements.

“After what happened with CarePoint Hospital, it was clear we needed to do a better job overseeing the finances of for-profit hospitals,” **said Senator Weinberg**. “Over three years, CarePoint Health funneled \$150 million into management companies created by their owners even though these ‘companies’ had zero employees. These laws are meant to make sure the government, patients and stakeholders aren’t deceived like this again.”

“Previously, the Health Care Facilities Planning Act was amended to create an early warning system in order to predict when a hospital might experience financial distress and to help prevent the sudden or irreplaceable disruption of services,” **said Senator Vitale**. “With the current system, the Department of Health has the authority to provide consultation and, if necessary, appoint a monitor for a hospital that may be at risk for financial distress. And through this new amendment the department will receive a hospital’s financial reports, and we will be able to get a real grasp on an entity’s expenditures and how exactly they are managing their revenue.”

“Having an understanding of a hospital’s financial arrangements is necessary in order to get a true picture of its financial standing,” **said Senator Cunningham**. “Not only would it enhance the DOH’s ability to ensure the long-term viability of hospitals by ensuring money is properly spent, it would also enable the department to conduct comparisons between hospitals to best determine which may be in financial distress. In addition, by providing a proper understanding of the finances, state agencies and legislators will be able to make well-informed decisions about the amount and type of state aid allocated to hospitals.”

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“Our hospitals are a vital part of our communities. One shut-down can leave residents for miles without access to a hospital,” **said Assemblyman Robert Karabinchak**. “Knowing sooner than later that a medical center is at risk of closing will allow us to take action and do what we can to help. Greater transparency is key to protecting our communities.”

“Accessible healthcare is a human right. For a district as densely populated as the 31st, the closure of a medical center could be the difference between life and death for our residents,” **said Assemblyman Nicholas Chiaravalloti**. “If we had known sooner about a planned merger that could leave residents without access to healthcare, we could’ve had conversations with CarePoint Health to try to determine a better approach. If unstable finances may lead to a shut-down, there must be prior warning to the community and any affected parties. These entities cannot be allowed to operate in the shadows with little oversight.”

“With better oversight, we can make sure that what might happen to Bayonne Medical Center cannot – and will not – happen to any other hospitals and their communities going forward,” **said Assemblywoman Angela McKnight**. “This new law will ensure that a hospital’s business practices are above-board and communities are never at risk of losing important services.”

## Governor Phil Murphy

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Office of Governor PO Box 001  
Trenton, NJ 08625  
609-292-6000

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