

What is charity care?

Charity care is a state program designed to provide free and reduced cost hospital care to those without health insurance. The official name for the state program is the New Jersey Hospital Care Payment Assistance Program. Many other states have a public hospital system — government-operated facilities where the uninsured are directed to receive care. New Jersey doesn't have a public hospital system. Instead, all New Jersey hospitals provide care to all patients who need it, regardless of their ability to pay. That's part of hospitals' caring mission, and it's also a mandate written in state law. In return, the law holds the state responsible for reimbursing hospitals for the costs of providing that care.

Who qualifies for charity care?

Charity care was created to provide healthcare to those who don't have health insurance and can't afford to pay their medical bills on their own. In many cases, it is New Jersey's "working poor" who rely on charity care. New Jersey residents with incomes at or below 300 percent of the federal poverty level that do not qualify for Medicaid are eligible to receive charity care services for both inpatient and outpatient care at any of the state's acute care hospitals. Families with incomes less than 200 percent of the federal poverty level receive free care under charity care, while those earning between 200 and 300 percent of the federal poverty level are responsible for a portion of their hospital bill.

Where do patients receive charity care?

New Jersey residents receive charity care at any and all of the state's acute care hospitals. Charity care covers needed services throughout the hospital — not just in the Emergency Department.

How much charity care do hospitals provide?

This year, New Jersey hospitals will provide more than \$1.3 billion in charity care services to New Jersey's residents. That number increases almost every year as the healthcare needs of New Jersey's uninsured residents grow.

How are hospitals reimbursed for this care?

Under New Jersey's charity care law, the state is responsible for reimbursing hospitals for the charity care services they provide. But each year the state's funding for charity care falls far short of the costs of the care provided. This year, for example, New Jersey's hospitals will receive \$715 million in state reimbursement for providing \$1.3 billion in charity care services. That's a shortfall of about \$600 million in just one year. If you go back to 1993 when the state "deregulated" payments to hospitals, New Jersey's hospitals have been forced to absorb \$6.8 billion in charity care losses.

What happens when the state doesn't pay hospitals for their charity care services?

The state's chronic underfunding of charity care has put New Jersey's hospitals under a tremendous financial strain. The impact can be seen in a number of ways: Roughly half of New Jersey's hospitals are losing money. Five New Jersey hospitals have filed for bankruptcy in the last 18 months. New Jersey hospitals have been forced to cut about 6,500 jobs in the last five years. And perhaps the most worrisome impact: Eighteen New Jersey hospitals have closed since 1992, unable to continue operating in our state's tough financial environment. Of course, there are other factors that contribute to these problems — other important programs like Medicare and Medicaid also underpay hospitals — but charity care underfunding remains a leading cause of hospitals' financial distress.

If I have health insurance, why should I care about charity care?

Everyone should be entitled to have their basic healthcare needs met, and as a caring society it's important that we help the less fortunate. But beyond that, charity care underfunding has a very real impact on all New Jerseyans. When the state fails to pay its fair share, others are left to pick up the slack. That means higher costs are shifted to other patients and their insurance companies. Even if you have insurance, you have probably felt the impact through higher premiums or larger co-pays.

And we all feel the impact in our communities when a hospital closes, eliminates certain services or is forced to lay off workers.

I'm concerned about the state of our hospitals. What can I do?

Each year our legislators and the Governor create a state budget that includes funding for charity care. This year's budget process is expected to be very difficult, and our elected officials will have to make some hard choices about where to allocate money. It's critical that those of us who depend on New Jersey's hospitals speak up and share our concerns. We cannot afford to let charity care suffer in the state's fiscal year 2009 budget; our hospitals and their communities simply cannot sustain any more financial blows. A brief e-mail, letter or phone call to your elected officials will let them know that charity care — and hospital care in general — are important to you. To help get you started, visit www.njhadvocacy.com for some convenient sample messages.