



May 31, 2016

Dear Assemblyman/Senator,

New Jersey's Charity Care program has been a longtime partnership between the State of New Jersey and its hospitals to ensure that the healthcare needs of our residents are met, regardless of their insurance status or ability to pay. It's a commitment we all can be proud of.

Unfortunately, we fear that the latest proposal to cut an additional \$50 million from the Charity Care program reaches far too deep and threatens the stability and viability of our hospitals.

The original FY 2017 budget proposal called for a \$150 million cut to Charity Care. Recall too that Charity Care has been cut by \$148 million in the current fiscal year, for a total of nearly \$300 million in cuts over the last two years. That's already a breakneck pace of reductions that will be very difficult for hospitals to absorb.

This latest proposed cut is simply a bridge too far. We understand that difficult budget decisions must be made, but this proposed cut only saves the state \$25 million while causing \$50 million in pain to our healthcare system. An additional \$25 million cut will double the blow to hospitals and patients because of the loss of federal matching dollars, jeopardizing vital aspects of healthcare delivery systems. It simply makes no sense to give up \$25 million in federal funding that supports an essential social service – not to mention a critical statewide employer.

Hospitals in partnership with the state already contribute more than \$135 million in assessments and fees every year to New Jersey's Health Care Subsidy Fund. Those hospital dollars coupled with other healthcare assessments make up in large part the state's share of Charity Care. These provider assessments for years have allowed the state to increase its share of federal matching dollars, and we respectfully request consideration to restore this proposed cut.

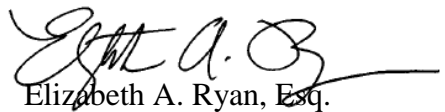
While we are very grateful that the Administration and Legislature expanded Medicaid, we must remember that our hospitals receive back just 70 percent of their costs in caring for Medicaid patients. So while it is true that New Jersey hospitals have received increased Medicaid revenue, that revenue does not cover the cost of caring for this population.

Despite the success of the Affordable Care Act, New Jersey still has 1 million uninsured residents, and New Jersey hospitals continue to provide more than half-a-billion dollars in Charity Care services to the people of our state, according to 2014 documented Charity Care data (the most recent available.) New Jersey's 1 million uninsured residents include more than a half-million undocumented immigrants with no hope of coverage under the ACA – and those same individuals are ineligible for Medicaid for five years due to federal rules. Our hospitals also are at the forefront of responding to our state's skyrocketing demand for mental health and substance use disorder services – and while we appreciate the state's added dollars for behavioral health, that funding is primarily going to other settings, not hospitals.

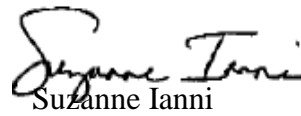
It all underscores the continuing need for Charity Care. Our hospitals will continue to care for all; it's part of our commitment to the people of our state. But we need our state leaders to match that commitment with adequate support for these healthcare services.

We've joined together to share our collective concerns with you, representing our state's 71 acute care hospitals, their 141,000 employees and the millions of people who rely on us for care. We jointly ask you to explore other opportunities in the state's \$34.8 billion budget to realize \$25 million in savings from areas that will not sacrifice federal matching dollars. Charity Care remains a partnership. We look forward to working with you and supporting new approaches that will spare our healthcare services from an additional \$50 million cut.

Respectfully,



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New Jersey Hospital Association



Suzanne Ianni
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Deborah Briggs
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Richard A. Pitman
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Sister Patricia Codey, S.C., Esq.
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Letter also sent to:

Governor Chris Christie
Senate President Steven Sweeney
Assembly Speaker Vincent Prieto
Senate Republican Leader Thomas Kean, Jr.
Assembly Republican Leader Jon Bramnick
Members, Senate Budget and Appropriations Committee
Members, Assembly Budget Committee