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## Hospital Groups United in Opposition to Charity Care Cuts

Organizations representing the state's hospitals today expressed unified opposition to the deep state funding cuts proposed for hospital care for New Jersey's 1.3 million uninsured residents.

Gov. Jon Corzine's \$33 billion state spending plan for 2009, released Tuesday, proposes a \$108 million cut in charity care, with funding of \$608 million compared with current funding of \$716 million. That marks a 15 percent cut. However, an unspecified portion of that \$608 million will be pulled from the overall charity care pool to establish a hospital stabilization fund, leaving even fewer charity care dollars to be divided among hospitals.

The proposed funding level represents a \$692 million gap compared with the \$1.3 billion in charity care services provided annually by the state's 78 acute care hospitals.

The cut comes at a time when New Jersey hospitals are struggling financially due to chronic government underfunding. In the past 18 months alone, four acute care hospitals have closed, four more have announced plans to close and five others have filed for bankruptcy protection. Of the hospitals that remain, nearly half are losing money.

"If the Governor's proposal is enacted, we'll see a rash of additional unplanned hospital closures," said Rich Miller, president and CEO of Virtua Health and chairman of the New Jersey Hospital Association Board of Trustees. "Our greatest fear may be at hand – the wrong hospitals, closing for the wrong reasons, creating an access-to-care crisis not only for charity care patients, but also for all Garden State residents."

While the Governor said one of his priorities in this austere budget is to protect the vulnerable, hospital leaders noted that the charity care program is designed to provide care to the working poor of New Jersey who can't afford health insurance. State law requires that hospitals provide that care.

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“Our hospitals willingly provide this care; it’s a state mandate but it’s also part of hospitals’ caring mission,” said Bill McDonald, board chair of the New Jersey Council of Teaching Hospitals and president and CEO of St. Joseph’s Regional Medical Center in Paterson. “Unfortunately in this budget, the state is shirking its share of the responsibility by dramatically cutting its financial obligation.”

Hospital leaders noted that the Governor’s own panel of experts – the Reinhardt commission – identified chronic government underfunding as one of the leading causes of the financial crisis now facing the state’s hospitals.

“Caring for the uninsured is a social responsibility, and clearly the state has not been able to identify a solution to this social ill,” said Mike Maron, chair of the Catholic HealthCare Partnership and president and CEO of Holy Name Hospital in Teaneck. “But passing the buck to our financially ailing hospitals is not the answer. It merely jeopardizes more facilities, threatens more jobs and endangers more services.”

Hospital leaders noted that charity care funds are eligible for matching federal dollars. By cutting charity care, the state effectively is walking away from more than \$50 million in federal support.

“While we appreciate Gov. Corzine’s recognition that safety net hospitals need to be prioritized, any cuts in this healthcare environment are untenable,” said Gary Horan, president and CEO of Trinitas Hospital in Elizabeth and chair of the Hospital Alliance of New Jersey. “We in the hospital community look forward to working with Gov. Corzine and the Legislature to arrive at a budget solution so that New Jersey’s budget contains no healthcare cuts.”