New Jersey Hospitals Demand that State Pay for Mandated Charity Care



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The New Jersey Supreme Court recently heard oral arguments in a case brought by several New Jersey hospitals challenging the State's charity rules, claiming requiring hospitals to provide charity care to indigent patients constitutes an unconstitutional taking by the State. The plaintiffs in Englewood Hospital and Medical Center v. New Jersey filed suit in June 2017 challenging the constitutionality of a New Jersey statute that provides that no hospital may deny any admission or appropriate service to a patient on the basis of that patient's ability to pay or source of payment, and prescribes a $10,000 fine per violation for any hospital that violates the statute. A trial court initially found in favor of the State, and in June 2024, an appellate upheld the trial court's decision.

The lawsuit, which was filed on behalf of several prominent New Jersey hospital systems, including Englewood Hospital and Hackensack Meridian Health, alleges that the State's requirement to provide free charity care to individuals that are uninsured and who meet certain income and asset requirements constitutes an unconstitutional taking under the New Jersey and United States Constitutions. According to the plaintiffs, hospitals are partially reimbursed under the State's Health Care Subsidy Fund, but the fund is not intended to provide full reimbursement of a hospital's expenses in providing charity care, and the State's failure to provide at-cost reimbursement constitutes a government taking as a result of the hospital equipment and facilities that are required to be used without full reimbursement. In remarks at the closing of oral arguments, Chief Justice Rabner commented on the potentially wide-reaching consequences on other hospitals and the potential precedential impact of the court's decision. A decision is expected later this year.

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