New Jersey Supreme Court Rejects Hospital Challenge to Charity Care Program



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In a unanimous decision issued on July 16, 2025, the New Jersey Supreme Court ruled that the State's statutory charity care program, which requires hospitals to treat indigent patients regardless of their ability to pay, does not constitute an unconstitutional taking on hospitals, even those serving a disproportionate share of low-income patients. The State's charity care law provides that a hospital may not deny any admission or appropriate service to a patient on the basis of that patient's ability to pay or source of payment, and hospitals that violate this requirement face a $10,000 fine per violation.

The lawsuit, which was filed on behalf of several hospitals, including Englewood Hospital and Hackensack Meridian Health, alleged that the State's requirement to provide free charity care to individuals that are uninsured and meet certain income and asset requirements constitutes an unconstitutional taking under the New Jersey and United States Constitutions. According to the lawsuit, while hospitals are partially reimbursed under the State's Health Care Subsidy Fund, 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 taking of the hospital equipment and facilities that are required to be used without full reimbursement.

In its decision, the Court held that requiring hospitals to provide care regardless of patients' ability to pay and barring billing for qualifying patients does not constitute a per se physical taking, finding that there is no evidence that the government physically appropriates hospital property or deprives hospitals of their economically beneficial use. While recognizing that the charity care program imposes economic burdens, the Court underscored that these are not constitutionally compensable takings, particularly

given the program's paramount public interest and the explicit administrative and legislative mechanisms available to hospitals, such as appeals of subsidy amounts and legislative advocacy, for addressing financial shortfalls.

For more information, contact:
John D. Fanburg, Chair | 973.403.3107 | jfanburg@bracheichler.com
Richard Robins | 973.447.9663 | rrobins@bracheichler.com
Andrew Kuder | 973.403.3141 | akuder@bracheichler.com

Authors

The following attorneys contributed to this insight.



John D. Fanburg

Managing Member
Healthcare Law, Cannabis Industry

973.403.3107 · 973.618.5507 Fax

jfanburg@bracheichler.com



Richard B. Robins

Member
Healthcare Law, Litigation

973.447.9663 · 973.618.5977 Fax

rrobins@bracheichler.com



Andrew M. Kuder

Associate
Healthcare Law

973.403.3141 · 973.618.5955 Fax

akuder@bracheichler.com