

Health Talk Q&A with NJHA President & CEO Cathy Bennett Jan. 16, 2025

New Jersey Has Long Tradition of Nonprofit Healthcare

New Jersey is home to 70 acute care hospitals. These hospitals deliver nationally recognized healthcare services 24/7 plus 155,000 jobs and other economic contributions that touch every corner of the state. The majority of New Jersey's acute care hospitals are nonprofit entities. NJ Advance Media spoke with Cathy Bennett, president and CEO of the New Jersey Hospital Association, to learn more about nonprofit healthcare.

A lot of people may not know that most of New Jersey's hospitals are nonprofit organizations. Can you explain? The vast majority of New Jersey's hospitals are indeed nonprofit entities. In fact, about 95% of inpatient care delivered in New Jersey is provided by a nonprofit hospital. Nonprofit and for-profit hospitals both play a critical role in caring for New Jerseyans, including providing charity care services and investing in the health needs of their community.

Our hospitals deliver top quality healthcare on more than 18 million occasions annually, ranking third best in the nation for earning A grades for patient safety. In addition to delivering excellent care for our patients, hospitals' investments also support innovation to improve patient care and health outcomes, along with local programs including health education, outreach and addressing negative social determinants of health to promote community wellness.

The key difference is the way a hospital is legally incorporated. Rather than being owned by shareholders, nonprofit hospitals are established under a board of trustees comprised of community members that guide the hospital and its service to the community. They're responsible for the hospital's operations, the fiscal health of the organization and, most importantly, ensuring access to quality care for patients and community members. In nonprofit hospitals, margins are invested back into local healthcare.

What role do nonprofit hospitals play in their community?

New Jersey's nonprofit hospitals commit \$3.5 billion annually to community benefit programming. Roughly 12% of every dollar spent by New Jersey hospitals is devoted to these community health initiatives including food access, housing, education, career development, health screenings, support groups, literacy, transportation, violence prevention and more.

Our hospitals have robust programs to ensure they're meeting local health needs. The Internal Revenue Service sets requirements and transparency rules to govern these efforts. Nonprofit hospitals perform a community health needs assessment every three years to guide their investments in local health needs. They also report their community benefit expenditures annually for full transparency of their efforts.

Do nonprofit hospitals pay taxes?

Yes, nonprofit hospitals pay a variety of taxes and fees to state and local entities. For example, they pay \$173 million to the State of New Jersey in a 0.53% assessment on operating revenues,

\$17.9 million in an adjusted admission assessment, \$16 million to support the state's newborn screening program, plus additional fees to support maternal health programs and the N.J. Poison Information & Education System. Nonprofit hospitals are exempt from local property taxes, but contribute millions of dollars annually to their host municipalities to help cover services like fire and police. In addition, hospitals support their local municipalities through voluntary, negotiated payments and in-kind contributions.

And, as a vital source of good jobs in our state, hospital employment provides \$624 million in income taxes to state coffers.

What are some of the other contributions by New Jersey's hospitals?

One area that I think is often taken for granted is the public health role that all of our hospitals serve. They're critical partners with state and local health agencies in protecting the population during a health emergency and ensuring access to essential healthcare services. The COVID-19 pandemic was a dramatic reminder of that necessary coordination, as hospitals rapidly responded alongside the state in areas like testing, expanding bed capacity and vaccination. That type of public health response occurs throughout the year, including times like this winter, with New Jersey experiencing a surge in seasonal illness including flu, RSV and norovirus. With 9 out of every 10 patients in New Jersey receiving their care in a nonprofit hospital, they play a critically important role in making sure every resident, of every community, can receive the care they need.

The New Jersey Hospital Association is a not-for-profit trade association that partners with its 400 members – including hospitals, health systems, nursing homes, assisted living and other providers – to deliver affordable, accessible, equitable and high quality healthcare.