

**SENATE, No. 667**  
**STATE OF NEW JERSEY**  
**216th LEGISLATURE**

PRE-FILED FOR INTRODUCTION IN THE 2014 SESSION

**Sponsored by:**  
**Senator NELLIE POU**  
**District 35 (Bergen and Passaic)**

**SYNOPSIS**

Expands definition and licensure requirements for health care service firms.

**AN ACT** concerning licensure of health care service firms and amending P.L.2002, c.126.

**BE IT ENACTED** by the Senate and General Assembly of the State of New Jersey:

1. Section 1 of P.L.2002, c.126 (C.34:8-45.1) is amended to read as follows:

1. a. Notwithstanding any other law or regulation to the contrary, an employment agency required to be licensed pursuant to P.L.1989, c.331 (C.34:8-43 et [seq.] al.), or any other firm, company, business, agency, or other entity that is not a home health care agency licensed pursuant to P.L.1971, c.136 (C.26:2H-1 et seq.) or a hospice licensed pursuant to P.L.1997, c.78 (C.26:2H-79 et seq.), which places or arranges for the placement of personnel to provide companion services, health care, or personal care services in the personal residence of a person with a disability or a senior citizen age 60 or older, regardless of the title by which the provider of the [health care or personal care] services is known, shall be [considered] licensed as a Health Care Service Firm pursuant to N.J.A.C.13:45B-14.1 et seq. and shall be subject to the rules and regulations governing Health Care Service Firms adopted by the Division of Consumer Affairs in the Department of Law and Public Safety.

As used in this [subsection] section:

“Companion services” means non-medical, basic supervision and socialization services which do not include direct physical contact with the individual, provided in the individual’s home. Companion services may include the performance of household chores.

“Health care services” means any services rendered for the purpose of maintaining or restoring an individual's physical or mental health or any [health related] health-related services, and for which a license or certification is required as a pre-condition to the rendering of such services[;] .

“Personal care services” [shall] means services performed by licensed or certified personnel for the purpose of assisting an individual with activities of daily living that may involve physical contact. Services include, but are not [be] limited to, bathing, toileting, transferring, dressing, grooming, and assistance with ambulation, exercise, or other aspects of personal hygiene.

b. [An agency or other entity which places or arranges for the placement of personnel in the personal residence of a person with a disability or a senior citizen age 60 years or older

for the exclusive purpose of providing companion, housekeeping, meal preparation, shopping, laundry, cleaning, or transportation services shall not be considered a Health Care Service Firm pursuant to this act.] (Deleted by amendment, P.L. , c. ) (pending before the Legislature as this bill)

c. As a condition of being licensed under P.L.1989, c.331 (C.34:8-43 et al.), a health care service firm shall obtain within 12 months of licensure accreditation from an accrediting body that is recognized by the Director of the Division of Consumer Affairs. For purposes of accreditation pursuant to this subsection, the accrediting body shall apply the standards set forth in N.J.A.C.13:37-14.1 et seq. and N.J.A.C.13:45B-13.1 et seq., as applicable.

d. As a condition of licensure under P.L.1989, c.331 (C.34:8-43 et al.), a health care service firm <sup>1</sup>that receives government funds for any services provided<sup>1</sup> shall cause to be prepared an <sup>1</sup>[annual]<sup>1</sup> audit <sup>1</sup>the third calendar year after licensure, and every third year thereafter.<sup>1</sup> The audit shall be conducted by a qualified certified public accountant and shall encompass an examination of the subject firm's financial records, financial statements, the general management of its operations, and its internal control systems. The audit shall be divided into two components: compliance and financial. The compliance component of the audit shall evaluate the firm's compliance with relevant laws and regulations governing health care service firms. The financial component shall include an audit of the financial statements and accompanying notes, as specified in the Statements on Auditing Standards issued by the American Institute of Certified Public Accountants. If the subject firm is a recipient of State Medicaid funds and is therefore required to submit an annual cost report, that cost report shall be included in the audit, and the auditor shall include an opinion on the accuracy of the cost report.

(cf: P.L.2002, c.126, s.1)

2. The Director of the Division of Consumer Affairs in the Department of Law and Public Safety shall enter into a memorandum of understanding with an accrediting body authorized to accredit a health care service firm pursuant to subsection c. of section 1 of P.L.2002, c.126 (C.34:8-45.1). The memorandum of understanding shall establish the standards for accreditation and for reporting the results of audits performed pursuant to subsection d. of section 1 of P.L.2002, c.126 to the Division.

<sup>1</sup>3. No more than three years after the enactment of P.L. , c. (C. ) (pending before the Legislature as this bill), the Director of the Division of Consumer Affairs shall submit a written report to the Governor and the Legislature providing a comprehensive review and analysis on the effectiveness of the licensure, accreditation, and audit provisions of P.L. , c. (C. ) (pending before the Legislature as this bill).<sup>1</sup>

<sup>1</sup>[3]4.<sup>1</sup> The Director of the Division of Consumer Affairs in the Department of Law and Public Safety, pursuant to the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), shall adopt rules and regulations necessary to effectuate the purposes of this act.

<sup>1</sup>[4]5.<sup>1</sup> This act shall take effect on the first day of the eighteenth month next following the date of enactment, but the Director of the Division of Consumer Affairs may take such anticipatory administrative action in advance thereof as shall be necessary for the implementation of this act.

## STATEMENT

This bill concerns the provision of home health services by health care service firms, which are regulated by the Division of Consumer Affairs (DCA) in the Department of Law and Public Safety.

This bill expands the definition of health care service firms to include firms that place or arrange for the placement of personnel to provide companion services (the current definition only includes firms that place or arrange for the placement of personnel to provide health care or personal care services). The bill further requires that health care services firms obtain accreditation and comply with annual auditing requirements.

The bill defines “companion services” to mean non-medical basic supervision and socialization services which do not include direct physical contact with the individual, and which are provided in the individual’s home. The bill defines “personal care services” to mean services performed by licensed or certified personnel for the purpose of assisting an

individual with activities of daily living that may involve physical contact, and would include such services as bathing, toileting, transferring, dressing, grooming, and assistance with ambulation, exercise, or other aspects of personal hygiene.

The bill requires that a health care service firm obtain within 12 months of licensure, accreditation from an accrediting body that is recognized by the Director of DCA. The Director of DCA is to enter into a memorandum of understanding with the accrediting body regarding the required standards for accreditation.

As a condition of licensure, a health care service firm is to cause to be prepared an audit the third year after licensure and every third year thereafter. The audit is to be conducted by a qualified certified public accountant and include an examination of the subject firm's financial records, financial statements, the general management of its operations, and its internal control systems. The audit is to be divided into legal compliance and financial components, and the financial component is to be done in accordance with the Statements on Auditing Standards issued by the American Institute of Certified Public Accountants. A firm that receives State Medicaid funds is also required to submit an annual cost report with its audit, and an opinion from the auditor on the accuracy of the cost report. The Director of DCA is to enter into a memorandum of understanding with an accrediting body for purposes of accrediting health care service firms, and the memorandum of understanding is to establish the standards for accreditation and audit reporting requirements.

Three years after the enactment of the legislation, the Director of the DCA is to provide a written report to the Governor and the Legislature providing a review and analysis of the licensure, accreditation, and audit provisions contained therein. The bill would take effect on the first day of the eighteenth month next following the date of enactment. The Director of DCA is authorized to take such anticipatory administrative action as is necessary for the implementation of the bill.