

## New Jersey Bill Targets Hospital Closures and Financial Distress

Healthcare Law Update

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Legislation [introduced](#) on May 14, 2026, by State Sen. Raj Mukherji would expand the tools available to New Jersey regulators and local governments to address financially distressed hospitals and prevent abrupt closures. Under current New Jersey law, general acute-care hospitals must obtain a certificate of need and undergo a Department of Health review process, including a public hearing, prior to ceasing operations. However, recent hospital closures have highlighted gaps in enforcement, as operators facing financial distress may scale back services or cease operations in ways that undermine the intent of these requirements.

The proposed bill would require the Department of Health to notify the Attorney General and local municipal leadership when a hospital is failing financially or not complying with closure requirements. In such cases, the State, the Attorney General, or the municipality could petition the Superior Court to appoint a receiver to oversee operations of the distressed hospital, who would be authorized to stabilize the hospital or manage an orderly wind-down, with the goal of preserving access to care and avoiding sudden disruptions to the communities the hospital serves.

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