



April 9, 2020

To: Governor Phil Murphy  
Senate President Steve Sweeney  
Assembly Speaker Craig Coughlin

A few weeks ago the coalition submitted testimony urging the state to adopt a 2021 budget that prioritized access to affordable health care for more New Jersey residents. We supported the conversion of the federal Health Insurance Assessment to a state assessment, adoption of a broad based corporate and opioid tax, funds to make all uninsured children eligible for coverage and to promote outreach to their families, and establishment of an EZ Enrollment program that would waive penalties for the uninsured in order to promote insurance enrollment. These initiatives are needed to move New Jersey toward universal affordable coverage, a goal that has only become more urgent and necessary as the current public health crisis unfolds.

Our shared goals of increasing access to affordable health care has never been more important. As we fight the COVID-19 outbreak, our health and well-being are dependent upon each of us having access to health care, without fear of bankruptcy, ICE raids, and the consequences of the Trump administration's revision of the public charge rule (which has temporarily been suspended). State and federal actions taken thus far are providing some relief. These initial steps: requiring no-cost testing for insured and uninsured individuals; grace periods for payment of premiums; a moratorium on Medicaid terminations; increased federal funds for Medicaid and our Children's Health Insurance Program and added flexibility to increase the provider workforce and locations where care can be delivered, are good first steps. But more fixes will be needed in order to close the coverage gaps and ensure the health of our residents and economy both now and in the future.

The fact is that more than 8% of New Jerseyans were uninsured at the outset of this pandemic. In some counties, that rate is as high as 13%. These numbers will only increase with the unprecedented number of people being laid-off and losing access to employer based coverage. We cannot fully replace employer coverage, but we can provide alternate, affordable coverage opportunities. Those who are unemployed will need access to health care as well as income supports. Currently, unemployed individuals have two options. Those whose employers offer health coverage can opt for COBRA, meaning they pay the full premium for the coverage typically provided by their employer. However, COBRA costs are often cost prohibitive for laid-off employees. Alternatively, the workers who meet income eligibility requirements can apply for New Jersey Family Care (Medicaid) or a subsidized ACA plan through the Health Insurance Marketplace within 60 days of being laid off and/or losing their coverage. Though this option should be promoted, it is not open to many immigrant workers who constitute a significant portion of New Jersey's low-wage workers impacted by the State's lock down.

This new reality only underscores the weaknesses and gaps in our health care system. In response, the coalition urges the Administration and Legislature to take action to initiate

these recommendations as soon as possible. Together, these policies would secure the needed revenue and changes to eligibility that are needed to ensure that New Jersey families have access to affordable coverage alternatives now, and when this public health crisis is over.

### **Health Insurance Assessment**

New Jersey has the time-limited opportunity to pick up the federally repealed ACA *Health Insurance Assessment*. Doing so would allow the state to create a fund to expand financial assistance and coverage for low-income residents and those impacted by COVID-19. A 2.7% assessment on premiums of the state's large and small group employer plans, individual market plans, and Medicaid plans currently generates \$567 million annually for the federal budget. We propose picking up the assessment to create a fund operated by the State Health Insurance Exchange that would provide state subsidies and coverage for low-income residents, who previously had difficulty affording ACA plans, and now many more individuals, who may be facing bills arising from COVID-19 that they cannot afford.

Expanding subsidies and coverage options would not only provide immediate, much needed relief to individuals, families and our entire health system impacted by this unprecedented crisis, it would do so in a fiscally responsible way. The 2.7% assessment on premiums would be partially offset by increased federal subsidies for Marketplace enrollees as well as an increase in the number of enrollees in ACA plans. The increased funding and growth of our Marketplace would give New Jersey greater flexibility and resources to create new affordable coverage options for the state's residents in the future.

How exactly New Jersey should create new affordable coverage options is the focus of the report that DOBI is required to complete pursuant to provisions authorized during the 2020 budget season, associated with the New Jersey's establishment of a state-insurance exchange. In order to achieve universal coverage, New Jersey must create new insurance products for all its residents, including increasing subsidies to those purchasing ACA plans, a public option and/or a Medicaid buy-in option. This report must be completed as its findings will assist legislators in deciding how to best use the premium health insurance assessment to reach our goal of universal coverage in the State.

### **Expanding NJ Family Care to all Kids**

We know limited resources and access often means putting off visits to health care providers which has a negative health impact on individual children, their families and those with whom they come in contact. This is especially troubling given the emerging public health crisis with the coronavirus. We also know bringing all remaining uninsured children into coverage has positive economic and health implications for these children, their families, schools and communities. New Jersey hospitals incur over \$8.5 million in charity care costs for children who are uninsured. This is likely to rise in the midst of this public health crisis.

Therefore, we urge the legislature to pass and the Governor to sign S876, a bill that would ensure all children, without access to other affordable coverage options, are eligible to enroll in our Children's Health Insurance Program. The bill would also re-establish a buy-in program open to children whose household income exceeds 400% of the federal poverty limit and who have no employer-based coverage option. This buy-in option to cover

children will be a welcome choice for many middle-class families whose income will see a radical curtailment over the next few months, even after the pandemic has ended.

### **Individual Responsibility Payment Waiver**

The Coalition also supports expanding coverage by establishing an EZ Enrollment program that would permit families to enroll in a health insurance plan at the time a tax penalty would otherwise be imposed. We recognize we cannot operate such a program until we begin operating our own state-based exchange later this year.

However, we must act now to ensure families who are already under great fiscal pressure due to COVID-19 will not be forced to pay a penalty this year. More than three-quarters of New Jersey residents who paid a federal penalty for 2018 had household incomes of less than \$50,000, more than a third made less than \$25,000. We urge the State to waive penalties for all individuals with household incomes of less than 300% of FPL due in 2020.

### **Prohibit Medicaid Coverage Liens**

In addition to the legislative priorities listed above that will directly lead to an expansion of coverage, the Coalition also urges the Legislature to ensure those 55 and older who enroll in Medicaid cannot have liens levied against them. This is a fix that has been on the agenda of the coalition for several years, but should be acted on now, as we seek to ensure those who have lost employment and enroll in NJ Family Care will not face penalty. Like all states, New Jersey places a lien on assets of a deceased senior to defray the costs of nursing home care paid by Medicaid. This is a federal requirement and is done mainly because nursing home care is so expensive. However, New Jersey goes beyond that requirement by also applying this policy towards other Medicaid expenditures that are incurred by seniors as young as 55. Prior to the ACA that was not much of an issue because most seniors in that younger age bracket were not eligible for Medicaid, but they now are under the Medicaid expansion. Thus, some of these seniors are understandably reluctant to enroll in the Medicaid expansion for acute care. Under the federal rules, New Jersey can repeal this additional state requirement for seniors enrolled in the Medicaid expansion at little state cost; the lost revenue to the state will be minimal because this care is 90 percent paid for with federal funds.

This crisis has revealed the weaknesses in our current system of health care coverage and care. Far too many individuals lack access to the quality, affordable health care they need in time of sickness. Many of our workers lack access to employer-based coverage for themselves and their families. To address this need, the Coalition urges the Administration and Legislature to guarantee these individuals health coverage through NJ FamilyCare or subsidized coverage on the Marketplace. More long term, a Medicaid buy-in program could be offered on the State Exchange. Such a program would provide an option for those who currently are ineligible to enroll in ACA plans, or for whom the current options remain unaffordable.

As we noted above, it is imperative that the affordability options study required by the 2020 Appropriations Act be completed so that appropriate programming decisions can be made when establishing this program.

We appreciate your consideration and stand ready to work with the Administration and Legislature to address these health care priorities that have only become more necessary as our current health care system has difficulty serving many residents in need, especially during this ongoing health crisis.

Sincerely,



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New Jersey Citizen Action

