



TESTIMONY IN SUPPORT OF A4389

BEFORE ASSEMBLY FINANCIAL INSTITUTIONS COMMITTEE

JULY 23, 2020

Chairman McKeon, Vice-Chair Lampitt and Members of the Committee,

On behalf of New Jersey Citizen Action, NJ Appleseed PILC and members of the NJ For Health Care coalition, we urge you to vote “yes” in support of A4389 as amended. This bill is an example of smart health care and fiscal policy. Enacting this bill will allow New Jersey to capture funds Congress will abandon beginning in January 2021; and will let us use those funds to advance our State’s ultimate goal of achieving universal health insurance coverage.

The assessment proposed is not a new exaction; however, it would generate more than \$300 million in new funds that the State can use innovatively to reduce residents’ health care costs in targeted and meaningful ways. As defined in the amended bill, these funds will be used for the purposes of:

“...increasing affordability in the individual and small group markets and providing greater access to health insurance to the uninsured, including minors, through subsidies, *with a primary focus on households below 400 percent of the federal poverty level*, expanding eligibility, or modifying the definition of affordability in those markets, reinsurance, tax policies, outreach and enrollment efforts, buy-in programs, such as the NJ FamilyCare Advantage Program, or any other efforts that can increase affordability for small employers and individual policyholders in those markets or that can reduce racial disparities in coverage for the uninsured.  
(emphasis added)

These funds will help create affordability and coverage options for residents who are now unable to obtain or maintain coverage as well as stabilize and strengthen our markets; thus moving us closer to the goal of ensuring that all our residents have access to the health care they need.

Making sure that all New Jersey residents secure the care they need is a goal that has never been more important than now. We are still in the midst of a pandemic that has resulted in more than 100,000 New Jerseyans losing employer sponsored coverage; and the social importance of making sure that everyone gets tested and secures appropriate treatment has never (or at least since 1918) been more urgent. In addition, persistent racial and economic gaps have made accessing health care difficult for hundreds of thousands of our neighbors during the COVID crisis. Closing these structural gaps, particularly for children and low-income adults of color, must be a priority when considering how the HIA funds are used.

Just two years ago, NJ For Health Care supported legislation that created a reinsurance program and adopted the Individual Responsibility Payment, an assessment imposed on individuals who failed to maintain continuous coverage. These “penalty” payments, along with federal and state funds, were used to pay for the additional costs of the reinsurance program. There is little doubt that such legislation allowed the State to better handle the Trump administration’s decreasing support of several health care programs and to ward off double-digit premium increases across our state-regulated markets.

However, reinsurance did not reduce premiums for subsidized enrollees in the ACA marketplace, who make up nearly 80% of our market enrollees.\* Nor did it significantly decrease the percentage of New Jerseyans who remain uninsured. According to the Kaiser Family Foundation, 9% of New Jerseyans below age 65 were uninsured in 2018. Twenty other states that expanded Medicaid like New Jersey had uninsured rates better than ours in that year.

If we look at income, the numbers are even more sobering. In 2017, according to a recent Families USA analysis, 19% of New Jerseyans below age 65 with incomes below 139% of the Federal Poverty Level (within Medicaid eligibility range) were uninsured. For those with incomes 139-300%, 16% were uninsured.

In 2018, the year New Jersey adopted the Reinsurance and Individual Responsibility Payment to fund the reinsurance program, two-thirds of our residents who paid the penalty (at that time to the Internal Revenue Service) had incomes of less than 300% of the Federal Poverty Limit. It is households that fall into that income category that represent the largest share of our uninsured. And it is those households that the State must target if we are going to move the needle toward universal coverage.

We believe that A4389 does just that: The health insurance assessment bill we urge you to support today will provide relief to those individuals reinsurance did not assist and will target those with incomes of less than 400% of the FPL. It will help increase participation in our market by providing coverage options that will assure affordability as well as reduce racial disparities and the number of uninsured across our state. Now that the State will operate its own exchange, the Legislature must ensure a dedicated revenue stream that will permit the exchange to innovate and offer insurance options that will provide quality health care that will be affordable to more and more residents.

For these reasons, we urge the Committee to vote “yes” on A4389 and to do all you can to support the goal of ensuring all New Jerseyans have access to quality, affordable health care.

Respectfully submitted,

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\* For subsidized marketplace enrollees, benchmark silver premiums cost a fixed percentage of income, and base premium reductions tend to make plans that cost less than the benchmark more expensive as premium subsidies shrink.