



NEW JERSEY HEALTH CARE REFORM ACT

BILL STATEMENT

The purpose of this bill is to ensure that more residents in this State have access to affordable health care coverage. The bill achieves this goal by expanding the NJ FamilyCare Program to more low income parents, mandating that all children in the State have health care coverage either through public programs or private coverage, and adopting various reform measures to the individual and small employer insurance markets to increase the affordability of, and stabilize enrollment in, health benefits plans for individuals and small businesses. The provisions of this bill represent the first phase of a comprehensive reform of the health care system in this State which, when fully implemented, will ensure universal health care coverage for all residents of this State.

Health Care Coverage Reforms:

- To ensure that all children in the State are able to access health care, the bill establishes a “Kids First” mandate that requires all children 18 years of age and younger in the State to have health insurance coverage, beginning one year after the date of enactment of the bill. This coverage may be provided through an employer-sponsored or individual health benefits plan, the Medicaid program, NJ FamilyCare Program, or the NJ FamilyCare Advantage buy-in program.
- To make health care coverage more accessible to low income parents, eligibility for the NJ FamilyCare Program is expanded to include parents whose income is up to 200% of the federal poverty level.
- In order to ensure that hospitals assess patients under 19 years of age who present at the hospital for emergency care as to whether they may be presumptively eligible for NJ FamilyCare or Medicaid, the bill prohibits hospitals from submitting charity care claims for these patients. The cost of emergency care for patients who are determined to be presumptively eligible for NJ FamilyCare or Medicaid is shared

by the federal government and, therefore, this provision will ensure more effective use of the State's limited charity care funds for patient care that is not reimbursed by the federal government.

- In order to identify and provide increased State outreach to residents of the State who are uninsured and may be eligible to enroll in the Medicaid or NJ FamilyCare program, the bill establishes an ongoing enrollment initiative through the Department of the Treasury, in consultation with the Department of Human Services. Under the initiative, beginning with the 2008 tax year and for each tax year thereafter, the Department of the Treasury shall require that each individual taxpayer indicate on the taxpayer's income tax return whether the taxpayer and dependents, if applicable, has health insurance coverage on the date of filing of the return. If a taxpayer reports that he or his dependents are uninsured, and the State Treasurer determines that based on the taxpayer's reported income the taxpayer or his dependents may be eligible for either Medicaid or NJ FamilyCare, the State Treasurer would send the taxpayer an application for the Medicaid or NJ FamilyCare program, as applicable.

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Individual and Small Employer Health Insurance Reforms:

The bill implements several reforms to the individual and small employer markets to make health benefits plans more affordable to individuals and small businesses in the State. Specifically, the bill:

- Seeks to make individual health benefits plans more affordable to younger persons, by revising the rating system for individual plans for new policies and contracts issued after the effective date of the bill, so that the premium rate differential can be up to 350%, but the only factor that the rating differential may be based on is the age of the person covered under the plan and the factor must be applied in a manner consistent with regulations of the Commissioner of Banking and Insurance, which include age classifications in a minimum of five-year increments. The bill provides, however, that in order to protect consumers who currently have coverage under an individual health benefits plan, rate increases for these consumers would be limited for the next five years to an amount no more than the lower of 15% or the medical trend assumption used by the carrier to project claims.
- Requires that a carrier must offer individual policies as a condition of participation in the small employer market, in order to ensure greater participation by carriers in the individual market.
- Reduces the number of standard plans that a carrier must offer in the individual and small employer markets from five to at least three plans.

- Authorizes carriers in the individual market to offer any number of riders which may revise the coverage offered by the standard plans in any way, but any form of such rider which decreases the actuarial value of one of the plans shall be filed for informational purposes with the board and for approval by the commissioner before any such rider may be sold. Any rider which adds benefits or increases the actuarial value of one of the plans shall be filed with the board or informational purposes before the rider may be sold. The additional premium for a rider shall be listed separately from the premium for the standard plan.
- Transfers regulatory oversight regarding approval of policy and contract forms, and review of premium rate filings and other similar matters, from the Individual Health Coverage Program Board to the Commissioner of Banking and Insurance, as is currently provided in the New Jersey Small Employer Health Benefits Program.
- Requires carriers in the individual market to make an informational filing to the Commissioner of Banking and Insurance in the event the carrier seeks to increase or decrease premiums for any contract or policy form.
- Revises provisions concerning the minimum loss ratio for individual and small employer plans and provides that rates shall be formulated so that the anticipated minimum loss ratio is not less than 80% of the premium.
- Provides that after the effective date of the bill, no further loss assessments shall be calculated or collected, although carriers are not relieved of their obligations for loss assessments authorized prior to the effective date of the bill.
- Permits small employer carriers to require a reasonable specified minimum participation “with the same carrier” of eligible employees.
- Establishes transparency with respect to insurance broker fees by requiring insurance producers to notify a purchaser of insurance, in writing, of the amount of any commission, service fee, brokerage, other valuable consideration that the producer will receive as a result of the sale, solicitation or negotiation of the health insurance policy or contract. The bill also requires producers, as a condition of licensure by the Department of Banking and Insurance, to notify the department how the producer is compensated by carriers for the sale, solicitation or negotiation of the health insurance policy or contract.

Expands NJ FamilyCare, establishes mandate for health care coverage of children, and makes various reforms to individual and small employer insurance markets.