



New Jersey's Path Toward Universal Coverage

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Over the past few months, New Jersey lawmakers and policy makers have been drafting a proposal to provide health insurance to all of the state's uninsured. This blueprint for coverage, spearheaded by state Senator Joseph Vitale (D-Middlesex) and David Knowlton, the president and CEO of the New Jersey Health Care Quality Institute, will likely be introduced some time during the spring of 2007. If implemented, the proposal is expected to provide health insurance for up to 1.4 million people through a combination of public and private reforms. The full text of the proposal is available online at <http://www.universalhealthcarenj.com/tenet/>.

The proposal contains the following provisions:

- Individuals and families could obtain coverage from three sources:
 1. All people eligible for Medicaid and New Jersey FamilyCare, a state and federally funded health insurance program for children and some low-income adults, would be enrolled. Upon approval from the Centers for Medicare and Medicaid Services (CMS), FamilyCare will expand its income eligibility levels for parents from 115 percent of the federal poverty level up to 200 percent of poverty (\$41,300 for a family of four in 2007). More than 248,000 uninsured New Jerseyites will obtain coverage this way.
 2. New Jersey workers who currently receive coverage through their employer will be required to stay in these job-based plans.
 3. The rest of the uninsured will obtain coverage through a state-sponsored commercial insurance plan offered by two to three managed care companies. To ensure that these plans are affordable, the state will subsidize premiums for New Jerseyites based on household income.
- Non-citizens and homeless people will not be eligible for the state-sponsored subsidized coverage. Instead, they will be able to obtain care at state clinics and hospitals. The charity care system will be redesigned so that these populations receive cost-effective care in the most appropriate setting. These groups of uninsured will have to pay for some of the costs of their care, which will be determined by a sliding scale based on income.
- The state-sponsored insurance plans will offer comprehensive benefits modeled on the most common insurance plan available in the small group market. Benefits must include hospitalization, preventive care, and prescription drugs. Beneficiaries can choose between HMO and PPO plans.

- Providers will be reimbursed at rates similar to rates for providers in the private market to ensure that there are enough providers to serve all enrollees.
- The state hopes to partner with employers to ensure that people who currently receive health coverage through their employer can continue doing so. However, there will be no employer assessment for employers that do not provide coverage to their workers.
- Employers that do not offer coverage would be required to set up Section 125 flexible spending accounts to enable employees to purchase coverage with pre-tax dollars. These accounts would also have to be set up for seasonal and part-time workers.
- The proposal would implement an individual mandate, meaning that all residents would be required to purchase affordable, comprehensive health insurance.
- The plan would invest in health information technologies to allow for more data sharing among providers.

The proposal includes limited information on the cost of these expansions. First, the proposal estimates that enrolling all eligible but not participating adults and children into Medicaid and New Jersey FamilyCare would cost \$232 million. Expanding FamilyCare eligibility to parents with incomes below 200 percent of poverty would cost the state an additional \$77 million. Lastly, it is estimated that the total cost of covering the other 558,000 uninsured adults and children through the state-sponsored commercial plan would be \$1.7 billion. Some of these costs will be offset by employee premiums. Other funding sources are under consideration but have not yet been revealed.

The proposal will most likely be introduced in two parts. The first part will include the expansion of FamilyCare. The second component will be the implementation of the state-sponsored, subsidized health insurance plan.

This proposal for universal health coverage has received cautious support from Governor Corzine and other New Jersey lawmakers, who are working hard to address the growing crisis of the uninsured.

Further details of this proposal, including additional information on the costs of coverage, are not yet available. A key concern for state advocates is whether affordable health insurance plans will be available to individuals and families who must purchase coverage under the individual mandate.

