



What National Health Care Reform Means for New Jersey

National health care reform will bring significant changes to health care in New Jersey, including providing more affordable coverage for thousands of people, greater funding for community providers, more jobs, and better access to health care services. National health care reform will cover approximately 957,000 people in New Jersey who are currently uninsured.

The expansion of Medicaid in national health care reform will significantly increase coverage for low-income, uninsured people in New Jersey.

National health care reform will make about 24 percent of New Jersey's uninsured newly eligible for Medicaid. The federal government will cover most of the costs of this expansion.¹

Small businesses will get new tax credits to help them offer insurance to their workers.

About 106,500 small businesses in New Jersey will likely be eligible for a tax credit to offset part of the costs of providing health insurance to employees.²

National reform will provide greater investments to safety-net providers.

New Jersey currently has 134 community health centers serving approximately 348,600 patients. National health care reform will provide millions of dollars of increased funding for community health centers.³

The Medicare Part D “doughnut hole” will be eliminated, making prescription drugs more affordable for New Jersey’s seniors.

National reform phases out the Medicare Part D “doughnut hole.”⁴ This will help about 227,000 seniors in New Jersey to pay for prescription drugs. Reform also guarantees Medicare will cover preventive care and access to wellness programs.

New Jersey will provide greater assistance to consumers to enroll in coverage and to navigate problems with the health care system.

New Jersey's Department of the Public Advocate and the Department of Health and Senior Service's Office of the Ombudsman play an important role in representing consumer interests in health care. In addition, there are a small number of consumer assistance programs run by independent non-profit organizations to assist consumers. Under national health care reform, states will receive federal

¹ Urban Institute. How Would States Be Affected by Health Reform? Table 7: Health Reform and the Uninsured, by State www.urban.org/UploadedPDF/412015_affected_by_health_reform.pdf

² Agency for Healthcare Research and Quality. Special runs from the 2008 Medical Expenditure Panel Survey – Insurance Component. Businesses determined to be potentially eligible have 25 or fewer workers with an average wage less than or equal to \$40,000 <http://www.healthreform.gov/reports/smallbusiness2/smallbusiness2.pdf>

³ National Association of Community Health Centers. www.nachc.com/client/documents/state_X_key_facts_2008.pdf

⁴ Health Insurance Reform and New Jersey. www.healthreform.gov

funding in 2010 to support independent offices of health insurance consumer assistance or ombudsman. These programs will support consumers, help them understand the changes created by reform, and aid them in navigating the reformed system on the state level.

Medicaid

Medicaid is a joint federal-state program that provides comprehensive coverage to low-income people. Prior to national health care reform, Medicaid covered only certain categories of people – mainly children, seniors and parents with very low incomes.

National health care reform ensures that all states cover all people up to 133 percent of the federal poverty level (FPL) (\$29,328 for a family of four) through Medicaid. This expansion will significantly reduce the number of uninsured people in New Jersey.

New Jersey Coverage Levels by Federal Poverty Level (FPL)		
	In 2009	Under National Reform
Parents	Up to 200% FPL (\$44,100 for family of four)	200% FPL* (\$44,100 for a family of four)
Children (includes Children’s Health Insurance Plan, CHIP)	350% FPL (\$77,175 for family of four)	350% FPL**
People with disabilities	100% FPL (22,050 for a family of four)	133% FPL
Childless adults	Not eligible	133% FPL***

* The law requires all states to expand eligibility to parents to 133% FPL. New Jersey already has expanded to 200% FPL, and the law includes a Maintenance of Effort requirement for that eligibility level until 2014 (New Jersey may not decrease eligibility or enrollment rules. Eligibility for parents has been reduced to 133% by the governor under his emergency powers and his FY 20011 Budget proposes that eligibility remain at that level. The state is also in the process of terminating all legal immigrants who are parents and have been here less than 5 years.

** The law requires all states to expand eligibility for Medicaid to children to 133% FPL. New Jersey already has expanded to 350% FPL in Medicaid and CHIP for children, and the law includes a Maintenance of Effort requirement for that eligibility level until 2019 (New Jersey may not decrease eligibility or enrollment rules)

*** Adults must apply for welfare through the General Assistance program to receive health care benefits.

Source: <http://www.statehealthfacts.org>

New Jersey Enrollment Rules for Medicaid		
	In 2009	Under National Reform
Asset test: requirement to provide information on any savings, other assets to receive benefits	No asset test for children or parents \$4,000 maximum (for single people with disabilities) \$6,000 maximum (for couples with disabilities)	No asset test for any enrollees

Source: <http://ccf.georgetown.edu/index/ky-programfacts>

The Uninsured in New Jersey

Under national health care reform, about 957,000 non-elderly people who are currently uninsured will be covered. Of these, over 24 percent of New Jersey's uninsured will be newly eligible for Medicaid. Another 33 percent of New Jersey's uninsured will be eligible for sliding-scale subsidies to help them afford coverage and out-of-pocket costs.

Non-elderly Uninsured by Income (2007-2008)		
Income by FPL	Number of Uninsured	Uninsured Rate
Under 100%	413,900	39.5
100-133%	144,400	41.8
134-300%	436,100	24.3
301-400%	106,700	13.9
Over 400%	156,500	4.5
Total non-elderly uninsured	1,257,600	16.9% total population uninsured

Source: <http://www.statehealthfacts.org>

Non-elderly Uninsured by Race (2007-2008)		
Race/Ethnicity	Number of Uninsured	Uninsured Rate
White	444,200	10.4
Black	220,900	22.4
Hispanic	483,900	34.4
Total non-elderly uninsured	1,257,600	16.9% total population uninsured

Source: <http://www.statehealthfacts.org>

Uninsured New Jerseyans Who Will Be Covered by National Health Care Reform		
	Number Newly Eligible	Percentage of Currently Uninsured
Newly eligible for Medicaid (up to 133% FPL)	289,000	24.7%
Newly eligible for subsidies	382,000	32.7%

Source: Urban Institute. *How Would States Be Affected by Health Reform?* Table 7: Health Reform and the Uninsured, by State www.urban.org/UploadedPDF/412015_affected_by_health_reform.pdf

Private Insurance Rules

National reform makes significant changes to the private insurance market that has created major barriers to health care services for many Americans. While these represent advancements for people in most states, New Jersey has already passed similar or, in some cases, even stricter regulations on the state level. So these new federal market reforms will have less of an impact in New Jersey than they will in other states.

	Currently (2010)	Under National Reform
Dependent coverage: Allowing adult children to remain on their parents' health plans	Partially. Individual and small group insurance companies must allow an individual to stay on parents' plan up to age 30 in all plans if the individual is unmarried, has no dependents, is not eligible for Medicare or covered under other insurance, is a NJ resident or full-time student.	Yes. Most insurance companies must allow an individual to stay on parents' plan up to age 26 in all plans.*
Guaranteed issue: Allowing all people to purchase insurance, regardless of health or other factors	Partially. Applies only to individual and small group insurance companies. Also, insurance companies may deny coverage for a pre-existing condition for up to 12 months.	Yes.
Limits on lifetime and annual benefit caps: Prohibiting insurers from capping the amount of health benefits used in a year or in a patient's lifetime	No. Allows lifetime and annual benefit caps in both individual and group markets	Yes. Lifetime caps banned in 2010 in all plans. Annual caps limited in 2010 and banned in 2014 in all plans.
Limitations on the amount that premium rates can vary for certain factors in the individual group market		
Prohibits premiums based on: health	Yes	Yes
Prohibits premiums based on: age	No. Allows 3.5:1 variation	No. Allows 3:1 variation
Prohibits premiums based on: gender	Yes ¹	Yes
Prohibits premiums based on: industry	Yes	Yes
Prohibits premiums based on: geography	Yes ^{1,2}	No, but limited
Prohibits premiums based on: tobacco	Yes.	No. Allows 1.5:1 variation

¹ Carriers can vary premiums based on gender and geography (as well as age) in the Basic and Essential Plans, which offer more limited coverage than standard plans. The ratio for the highest rate for a Basic and Essential Plan to the lowest rate for the same Basic and Essential Plan cannot be more than 3.5:1

² National reform does not pre-empt New Jersey’s state law.

Community Benefits Standards

Hospitals provide services such as free care, health clinics, public health screenings and health education campaigns. This is required of non-profit hospitals in return for their tax-exempt status. It is also customarily expected of for-profit hospitals to provide equally valuable service to the community. Services like these are community benefits when they address community-identified health needs, particularly those of vulnerable or underserved community members, without reimbursement. National health care reform sets new requirements on community benefits for non-profit hospitals as a condition of federal tax-exempt status.

New Jersey already has strong free care standards and requirements to limit charges for the uninsured and underinsured. National reform will not preempt these consumer friendly laws and will provide additional consumer protection by regulating debt collection and billing practices. Additionally, New Jersey will benefit from the law’s mandated community needs assessments.

Standards, Transparency and Accountability for Non-Profit, Tax-Exempt Hospitals		
	Currently (2010)	Under National Reform
Community benefits standard (law or regulation)	No	No
Requirement for community needs assessment	No	Yes, assessment must be conducted at least every three years and made available to the public
Requirement for community engagement, including public health experts, in community needs assessment	No	Yes
Free care standards (law or regulation)	Yes. Hospitals must provide full charity care below 200% FPL. Requires hospitals to provide reduced cost care between 200 and 300% of the federal poverty guidelines.	No. But every hospital must develop a financial assistance policy that states whether it offers free or discounted care and what eligibility criteria it uses.
Limit on charges for uninsured and underinsured	Yes. If the medical expenses for applicants who are eligible for charity care exceeds 30% of the applicant’s or family’s annual gross income, the excess expenses are eligible for 100% coverage under charity care. Uninsured patients whose personal or family income is below 500% FPL cannot be charged more than 115% of what	Prohibits “gross charges.” If a patient qualifies for financial assistance, there is a limit on charges for medically necessary services to “amounts generally billed” to insured patients.*

	Medicare pays for services.	
Limits on debt collection and billing	No	Prohibits “extraordinary” debt collection measures prior to making a “reasonable effort” to determine whether a person qualifies for financial assistance*

* Terms in quotation marks are not defined in the health care reform law; they must be defined in regulations.