



## Press Release

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### **NEW JERSEY BENEFITS MORE THAN MOST FROM THE NEW HEALTH REFORM LAW**

Health reform is now the law of the land. New Jersey is set to benefit significantly from these reforms because of the state's larger population, high rate of uninsured people and its high cost health insurance. These facts are particularly important given that Gov. Christie has said he is considering the possibility of joining a lawsuit with 13 other states to challenge the new law.<sup>1</sup>

Those without insurance will benefit; those with insurance will benefit. The reforms will stimulate the state's economy, especially in the health industry, and provide benefits to small businesses which historically have generated most of the new jobs. It has been estimated that health reform could mean up to 25,900 new jobs in New Jersey each year.

Here are the top reasons why New Jersey will do better than most states:

- 1. New Jersey has more uninsured people than most states and will receive more federal aid.** New Jersey has the ninth largest number of uninsured in the nation (about 1.2 million). Most of the federal funds in health reform will be spent helping low and middle income families obtain insurance. This assistance will be provided by Medicaid up to an annual income of \$29,000 for a family of four and by the Exchange up to \$88,000. By 2019, through these two programs, nearly one million New Jerseyans will receive insurance at a cost to the federal government of about \$25 billion over ten years.
- 2. Prescription drug coverage will be subsidized to a greater degree by the federal government for more elderly and disabled people in New Jersey.** About 600,000 elderly and disabled people in New Jersey receive Medicare Part D prescription drug coverage, the tenth highest number in the nation. The gap in their coverage, which is sometimes known as the donut

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<sup>1</sup> The states are: Florida, South Carolina, Nebraska, Texas, Utah, Louisiana, Alabama, Michigan, Colorado, Pennsylvania, Washington, Idaho, South Dakota. In some states, like Pennsylvania, the governor may not agree with the lawsuit filed by the Attorney General.

hole, will be completely closed by 2020 and enrollees this year will receive a \$250 rebate. This will provide about \$57 million in relief for 227,000 beneficiaries in New Jersey. New Jersey's state budget also benefits because the federal government will reimburse the state over \$15 million for over 30,000 PAAD and Senior Gold beneficiaries. All 1.3 million Medicare beneficiaries in New Jersey will benefit from provisions of the new law like no cost sharing for prevention services and free, annual wellness visits.

- 3. Small businesses will benefit.** New Jersey has the seventh highest number of small businesses in the nation. A root cause of the state's growing uninsured problem is that small businesses cannot afford health coverage for their employees. Health reform will provide tax credits this year to most of the 215,000 businesses with fewer than 25 employees to offset the cost of providing health coverage for their employees.
- 4. More adults will be eligible for affordable health coverage.** Nearly half (47 percent) of all adults living below the poverty level in New Jersey are uninsured. Although New Jersey is one of the wealthiest states in the nation, this rate is above the national average (45 percent). Under the new law, all adults in poverty (both with and without children) will become eligible for either Medicaid or other affordable insurance in the Exchange starting in 2014. For the first time, the federal government will pay all health costs (about \$150 million annually) for adults who do not have children and are on General Assistance. Until now, these costs have been paid by the state.
- 5. New Jersey's pharmaceutical companies will benefit.** New Jersey has one of the largest concentrations of pharmaceutical companies in the world. Health reform in effect provides them with up to 32 million new insured customers nationwide because health plans will be required to provide prescription drugs.
- 6. The increase in federally funded Medicaid reimbursement rates to New Jersey primary care physicians will be the highest in the nation.** Health reform will require Medicaid to pay the same rates as Medicare in 2013 and 2014 to primary care physicians to make this care more accessible. Because New Jersey has the lowest Medicaid payment rate in the nation (37 percent of the Medicare rate) this rate will almost triple and will be funded entirely with federal funds.
- 7. More New Jersey hospitals will benefit.** New Jersey is ahead of most states because it provides state funds to hospitals to compensate them for serving the uninsured. These charity care payments are estimated to rise to \$665 million in FY 2011. A reduction in the number of uninsured people should result in less demand for state-funded charity care beginning in 2014. Increasing the number of New Jerseyans with health insurance will help reverse hospital distress.
- 8. The new law allows New Jersey to provide better health care and share its cost with the federal government.** Given growing health care costs and the associated decline in the number of businesses offering health insurance to their employees, it was only a matter of time before health care reform would have come to New Jersey at a cost borne entirely by the state. Legislation mandating health insurance for children was enacted about two years ago. The second stage of insuring nearly everyone was postponed until over \$1 billion annually could be identified in state funds for such an expansion. National health reform has taken this pressure off the state and will provide a winning situation for all.

While the new health reform law is not perfect, the short and long range benefits to New Jersey are overwhelming positive. The state needs to spend less time on whether to challenge it in court, and more time on how to maximize its enormous potential.