

STATEMENT
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ON HEALTH CARE REFORM REPORT,
OCTOBER 8, 2009

As we all know, there has been a lot publicity surrounding national health care reform. Unfortunately most of that information has centered on the views of interest groups that either have a vested financial interest in the health care industry or have a political agenda that has little to do with health issues. This has meant that many people who are seeking answers are instead becoming even more confused about what this legislation means for them and their families.

The purpose of our study was to objectively research how this legislation would likely affect typical New Jerseyans. Since the House of Representatives has made the most progress in developing this legislation, we reviewed the “American Affordable Health Choices Act of 2009” (HR 3200).

There is general agreement among experts that our health care system is broken. The need for reform is even greater in New Jersey because the problem is worse here. New Jersey’s uninsurance rate was about average in the 2007-2008 period, but because of its size it had about 1.3 million uninsured people ranking the state the 9th highest in the nation.

Health care costs are also higher in New Jersey which affects nearly everyone. Since 1991 personal health expenditures in NJ have increased at twice the inflation rate and reached \$50 billion in 2004. As the graph shows, the average cost for family premiums alone has increased four times faster than median wages since 2000.

These high costs hurt workers but it also hurts businesses especially small businesses that also cannot afford the rising premiums. This is one of the reasons why employer-based health coverage has dropped faster in New Jersey than the national average.

These increases in health costs are not sustainable. If we do nothing this is our future [points to graph], when premiums in New Jersey are expected to double to \$24,000 in ten years. And that is just for people lucky enough to have job-based insurance. The cost will be even more unaffordable for most families who must purchase health insurance on their own.

H.R.3200 addresses these problems in a systemic way to assure quality, affordable health coverage for nearly everyone while at the same time slowing the growth in health care costs. It would establish a Health Care Exchange which would be a marketplace where an individual or a business could go to find comprehensive and affordable health insurance. For individuals and families who could not afford the premiums, the Exchange would offer subsidies to households with incomes less than four times the federal poverty level (\$88,200 for a family of four).

The bill would also require nearly everyone to have insurance which will help reduce the cost for others with coverage. It would require essential benefits in all plans, eliminate lifetime caps on benefits, and extend the financial solvency of Medicare.

We estimate that about one million persons would be insured under this bill within ten years raising the state's non-elderly insurance rate to 94 percent. Also an estimated \$34 billion over ten years would be spent in NJ in federal funds through the Exchange and in Medicaid in subsidies to New Jerseyans to obtain or maintain their health insurance. There will also be economic benefits to the state. .

The overwhelming majority of New Jerseyans benefit from the bill such as the mostly middle class 5.6 million persons who receive employer-based insurance. Their coverage would be made more secure and stable. There would also be a limit on cost sharing for all these and other families which is the leading cause of bankruptcy today for people with insurance. The bill is also expected to reverse the alarming trend in New Jersey of employers dropping health coverage as it becomes more expensive to provide.

Other groups that would benefit from the bill are many of the near elderly; the 1.2 million seniors and persons with disabilities on Medicare who would receive better drug prescription coverage; and all insured children with coverage who would be guaranteed essential benefits like vision, hearing and dental.

It is estimated that the cost of insurance for small employers would be reduced by about a third as a result of health reform which would reduce job losses by 72 percent over ten years. We estimate small businesses in New Jersey would receive \$1.3 billion in federal tax credits which would be an incentive for them to continue providing health coverage to their employees.

While most New Jerseyans would receive these many benefits, less than three percent of tax filers would see their federal taxes increased as a result of the bill.

The bill would also help New Jersey state government which would receive more federal funds than most states because of the types of health services that would be funded at higher federal matching rates.

I have also distributed a breakout of the impact of the bill by congressional district and county. There would be a positive impact in every area in the state because many of the uninsured also live in more affluent and suburban areas.

HR 3200 would be an overwhelming benefit to the state, its citizens and the economy. To avert the health care crisis that is unfolding in our state, it will be critical for the congressional delegation to insist that those provisions in the bill that benefit New Jerseyans are maintained.

Thank you