



Estimated Impact of Health Reform Bills Passed in the House and Senate on New Jersey

Provision	House Bill	Senate Bill	NJ Estimated Impact	NJ Consumer Voices for Coverage Recommendation
Funding for Medicaid and Exchange subsidies over 10 years	\$1.027 trillion	\$821 billion	\$29 billion (House) \$23 billion (Senate)	Support higher funding for subsidies in House bill because more people will be insured.
Net federal cost	\$894 billion	\$871 billion	The agreement between the President and Congress to limit net expenditures to \$900 billion over ten years is a challenge because it makes it more difficult to meet the full need for health coverage.	Support the higher amount in the House bill.
Reduction in federal deficit over 10 years	\$104 billion	\$132 billion	While it is important to reduce the federal deficit, the first priority should be to ensure that sufficient funds are spent to help families afford health insurance.	Support the House bill which spends more funds to help low and middle income families afford health insurance.
People insured by 2019	36 million	31 million	The House bill would increase New Jersey's insurance rate to 94% by insuring 1 million persons out of 1.5 million uninsured individuals projected by 2019. The Senate bill would increase New Jersey's insurance rate to 92% by insuring 867,000 persons.	Support the House bill.
Eligibility for premium and cost sharing credits	Provides health insurance subsidies up to four times the poverty level for families and non-elderly adults without kids (\$88,000 for a family of four; \$43,300 for an individual).	Same except tax credits are used instead of subsidies.	Both bills would have a major positive benefit on New Jerseyans. NJ does not cover any childless adults in either Medicaid or NJ FamilyCare. Parents are covered only up to twice the poverty level	Support the national eligibility levels in both bills with a provision to increase the levels for high cost-of-living states. Support subsidies in House bill instead of tax credits in the Senate bill because they are

	Employees with access to job-based insurance are not eligible for the subsidies unless their premiums exceed 12% of their salary.	Same except 9.8%.	(\$44,000 for a family of four) in NJ FamilyCare. Also children are only covered up to 3.5 times the poverty level (\$77,200 for a family of four). The Senate bill would allow many more families into the Exchange with access to lower premiums which is important in a high cost-of-living state.	easier to use. Support Senate bill.
Premium credits	Families and individuals under 2.5 times the poverty level would pay less than the Senate bill but more above that level. For example, the maximum a family of three with an annual income of \$28,000 would pay in premiums annually would be \$840 (3% of income) and with an income of \$64,000 about \$7,000 (11% of income).	Families and individuals under 2.5 times the poverty level would pay more than in the House bill but less above that level. Also the Senate bill provides funding to extend CHIP (NJ FamilyCare) for two years which would protect children from the higher premiums and cost sharing in the Exchange. For example, the maximum a family of three with an annual income of \$28,000 would pay in premiums annually would be \$1,300 (4.6% of income) and with an income of \$64,000 about \$6,300 (9.8% of income).	Because of New Jersey's high cost of living, the subsidies/credits are not sufficient in either bill. Even the House bill has higher premiums than in NJ FamilyCare for families between 150% and 200% of the poverty level.	Support the House bill for families below 250% of the poverty level and the Senate bill above that level with a requirement that the subsidies be increased for high cost-of-living states. Support extending CHIP for children not eligible for Medicaid as in the Senate bill but also include parents eligible for CHIP.
Cost sharing credits	Cost sharing (deductibles and co-payments) credits are equal to 97% of average benefits in the plan starting with family incomes at 133% of the poverty level and 70% of coverage at four times the poverty level.	Cost sharing credits are available for families between 100-150% of the poverty level resulting in coverage for 90% of the average benefits in the plan. For families between 150-200% of the poverty level, 80% of the plan would be covered. Families above 200% of the poverty level are not eligible for cost sharing credits.	Like premiums, cost sharing is a major concern in NJ because of its high cost-of-living. Other studies have shown that even the cost sharing in the House bill is significantly higher than in CHIP for children.	Support the House bill because it provides more cost sharing credits, but support extending CHIP as in the Senate bill too shield children from higher cost sharing in the Exchange.
Medicaid	Expands eligibility up to 150% of the poverty level for all non-elderly adults and children. Increase reimbursement rates to primary care providers to 100% of Medicare rates.	Expands eligibility to 133% of the poverty level for all non-elderly adults and children based on modified income. No provision for increasing primary reimbursement rates.	Both bills would have major positive impact in New Jersey. Currently parents and children above age 6 are eligible for Medicaid only up to 100% of the poverty level and no childless adults are eligible. New Jersey primary care rates are	Support the greater Medicaid expansion in the House bill because there is no cost sharing in Medicaid and it provides more comprehensive benefits compared to private plans in the Exchange. Support the increase in primary care rates in the House bill

	Funds both initiatives with 100% federal funds in 2013 and 2014 and with 91% in later years	Provides 100% federal funding from 2014 to 2016 which will be gradually reduced through 2019 depending on a state's current eligibility for adults in Medicaid.	currently the lowest in the nation and would be tripled in the House bill resulting in additional \$500 million annually in federal funds. For the newly eligible, the federal matching rate in Medicaid would initially increase to 100 percent then eventually reduced to 91% in the House bill and reduced to 82% in the Senate bill by 2019. Medicaid is currently matched with federal funds at 50% in New Jersey.	which would improve access. Support House bill because it reduces the state matching funds required for newly eligible people compared to the Senate bill
Medicaid stimulus funds	Extends additional Medicaid funds that became available in the American Recovery and Reinvestment Act from the end of 2010 to June 30, 2011 (6 months).	No provision	New Jersey received about \$2 billion over two years in Medicaid stimulus funds to help address the state's budget shortfall due to the recession. These funds expire at the end of 2010 even though the state's budget shortfall is expected to be similar or worse in that fiscal year which ends on July 1, 2011. According to the NJ Department of Human Services, New Jersey would receive about \$587 million in extended funding in the House bill. These funds are critically needed to avoid cutbacks in Medicaid.	Support the House bill.
CHIP (called NJ FamilyCare in New Jersey)	All children in CHIP below 150% of the poverty level would be transferred to Medicaid at the current CHIP federal matching rate (65% in New Jersey) in 2014 at which point CHIP is repealed. Children above that level would be transferred to the Exchange in 2014 at 100% federal cost. Parents in CHIP below 150% of the poverty level would be transferred to Medicaid at a 65% matching rate and between 150 and 200% would be transferred to the Exchange with full federal funding. States are required to maintain CHIP	Extends funding in CHIP until 2015 and requires that states maintain eligibility rules for children until 2019. Beginning in 2015, states would receive a 23 percentage point increase in their federal matching rate. Parents in CHIP would either be covered by Medicaid (up to 133% of the poverty level at a 65% federal matching rate) or the Exchange.	As of December 2009 there were about 151,000 children enrolled in NJ FamilyCare. New Jersey has the second highest eligibility level in CHIP (350% of the poverty level) in the nation and one of the highest for parents (200% of the poverty level). Many recent improvements have been made in the program to increase enrollment. Premiums and cost sharing in NJ FamilyCare are lower than in the House or Senate bill. New Jersey has established a goal of enrolling all 255,000 uninsured children in NJ FamilyCare by 2013.	Support the Senate's extension of CHIP for children and also add parents to protect them from higher cost sharing in the Exchange and maintain New Jersey's progress in enrolling more families.

	eligibility rules until 2014.		Both bills would result in major state savings in CHIP which could be used to offset other state costs that might result from reform.	
Small business tax credits	Provides a credit up to 50% of premium costs for employees to employers with less than 25 employees and average wages less than \$40,000. Total cost over ten years: \$25 billion	For years 2010-2013, provides a tax credit up to 35% of employer's contribution for employers with less than 25 employees and annual wages less than \$50,000. For 2014 and after, a 50% tax credit is available for small businesses that purchase coverage through the small business Exchange. Total cost over ten years: \$27 billion	There are about 215,000 small employers in the state with 1 to 25 employees, many of which would be eligible for this tax credit. New Jersey would benefit more from this tax credit than most states because a disproportionate number of employees work in small businesses in New Jersey. The combination of the tax credits and the lower premiums that are expected for small businesses that are participating in the Exchange could greatly benefit small employers (see "Health Insurance Exchange").	Support the higher funding level for tax credits in the Senate bill.
Individual Mandate	Requires individuals to have "acceptable health coverage." For those who do not comply there is a penalty of 2.5% of their adjusted income. There are exceptions for those who do not owe federal taxes and for financial hardship.	Non-complying families will be penalized by the greater of a flat fee starting at \$95 in 2014 and increasing to \$750 by 2016, or .5% of taxable income in 2014 rising to 2% by 2016. Many exceptions such as individuals below 100% of the poverty level; if the lowest cost plan option exceeds 8% of income; undocumented immigrants; and if there is financial hardship.	Penalties are needed to discourage individuals from seeking health insurance only when they are ill which increases the cost for everyone with insurance. However higher penalties are not appropriate if health insurance is unaffordable, otherwise they will become an unacceptable financial burden on New Jerseyans.	Support the higher House penalties only if there are sufficient subsidies available to reduce premiums and cost sharing to adequate levels, otherwise lower those penalties and add more exceptions as in the Senate bill.
Employer mandate	Requires large employers to offer coverage to their employees or pay up to a 8% payroll tax depending on their size.	For large employers that do not offer coverage, pay a fee of \$750 per full time employee if there is one employee who is receiving a premium tax credit in the Exchange. For large employers who do offer coverage, pay the lesser of \$3,000 for each employee receiving the credit or \$750 for each full-time employee.	Employer based health insurance has decreased by about 7 percentage points since 2000 in New Jersey. The Senate bill would result in fewer employers providing coverage, be difficult to administer, and create an incentive not to hire full-time workers or to convert full-time workers to part-time to avoid the penalty. The House bill penalties would help to reverse the trend in NJ of employers not providing health coverage	Support the House bill but if that is not possible at least apply the employer penalty in the Senate bill to part-time workers.

Health Insurance Exchange	<p>Creates a National Health Exchange for families, individuals and small businesses with the option for states to administer if they can demonstrate their capacity to do so.</p> <p>Firms with 25 or fewer employees are permitted to buy in the Exchange (including the public option) in 2013, firms with fifty or fewer employees in 2014, and firms with at least one hundred employees in 2015 at the federal government's discretion.</p>	<p>Creates state-based Exchanges for families and individuals and separate Exchanges for small businesses. These exchanges can be administered by government entities or non-profit organizations.</p> <p>Beginning in 2013, small businesses with fewer than 100 employees could purchase insurance through the small business Exchange</p>	<p>The state-based Exchanges in the Senate would likely result in delaying implementation, inefficiency and inconsistencies among the states. It would also be difficult for states to follow all of the many federal rules that would be established.</p> <p>Allowing small businesses to purchase insurance in the Exchanges, along with the tax credits, could result in reduced administrative and premium costs. Studies have shown that these changes should result in stabilizing or increasing the number of persons employed by small businesses. Establishing two separate exchanges could be confusing, duplicative and result in less purchasing power.</p>	<p>Support the National Health Exchange in the House bill because it will take less time to implement it and would be more effective in fostering competition among insurance plans.</p> <p>Support the House bill because it allows for a public option that would also be available to small businesses and establishes a single national Exchange.</p>
Public insurance option	<p>Creates a public plan option in the Exchange that must meet the same requirement as private plans and be self-sustaining. Requires that the plan negotiate rates with providers as long as the rates are not lower than in Medicare.</p>	<p>No public insurance option. Requires the federal government to contract with insurers to offer at least two multi-state plans in each Exchange.</p>	<p>More competition is needed in New Jersey because a small number of health insurers dominate the field and premiums are also higher than in most states. Therefore it is even more important in New Jersey to promote competition to slow the growth in those premiums which would likely result from a public option.</p>	<p>Support House bill. If the public option is not possible, insist on a National Health Exchange</p>
Reinsurance program	<p>Appropriates \$5 billion to establish a reinsurance program for employers to provide health coverage to retired employees over 55.</p>	<p>Same except that \$10 billion is appropriated.</p>	<p>There are almost a million persons between ages 55 and 65 in New Jersey who are insured, many of whom could lose their insurance if they become unemployed and have to retire early. Studies have shown that many elderly who become eligible for Medicare at age 65 are much sicker because they did not have insurance before, resulting in higher Medicare costs.</p>	<p>Support a reinsurance program and the higher funding level in the Senate bill.</p>
Anti-trust exemption	<p>Health insurers would no longer be exempt from anti-trust action</p>	<p>No provision</p>	<p>The House provision could result in more competition and lower premiums.</p>	<p>Support the House bill.</p>

Medicare prescription drugs	Reduces the coverage gap for prescription drugs (Part D) by \$500 in 2010 and eliminates the gap by 2010. Provides a 50% discount on brand name prescriptions filled in the coverage gap.	Same but does not eliminate the gap.	There are 1.2 million elderly and disabled persons covered by Medicare in NJ, all of whom would have their prescription drug coverage expanded under both bills.	Support eliminating the coverage gap as soon as possible and the other Medicare improvements in these bills.
Insurance Market Reforms	<p>Stops insurance companies from denying insurance based on pre-existing conditions; charging different rates based on gender, health status, family history or occupation; and limiting lifetime benefits. Allows premium variation based on age (limited to ratio of 2 to 1), premium rating area and family enrollment.</p> <p>Requires at least 85% of premiums collected by insurance companies must be used for consumer services (in other words limits any profits and administrative costs to 15% of premiums).</p> <p>Health plans must cover 70% of the actuarial value of the covered benefits.</p> <p>Limits annual cost sharing (not premiums) to \$5,000/individual and \$10,000/family</p> <p>No provision</p>	<p>Similar except allows premiums to vary based on an age ratio of 3 to 1 and for smoking based on a ratio of 1.5 to 1.</p> <p>Same except the percent is 85% for large group plans and 80% for individual and small group plans.</p> <p>Same except 60%.</p> <p>Similar except limits are \$5,950 for individuals and \$11,900 for families.</p> <p>Allows insurers to increase the 20% limit on raising premiums for individuals who do not reach wellness goals (like being overweight or having high cholesterol) to 50%.</p>	<p>Denial of insurance based on preexisting conditions is prohibited in New Jersey only for firms that are not self-insured. The bills apply to all firms with insurance. Since the state rule only applies to about 40% of firms in New Jersey, these bills would more than double the firms covered by this requirement. Also the age ratio is 3.5 to 1 therefore older persons would pay less in their premiums under both bills.</p> <p>New Jersey only requires 80% so both bills would result in more of the premium dollars going back to the consumers in services.</p> <p>No minimums are required in New Jersey so this could result in less cost sharing.</p> <p>No such requirement so these limits could have a major impact in limiting out of pocket costs that are the biggest cause of bankruptcies for families and individuals.</p> <p>The requirement could result in severe hardship for low-income families, minorities and older persons who are more likely to suffer from health conditions targeted by wellness programs for reasons beyond their</p>	<p>Support the House bill because it offers more protections.</p> <p>Support House bill.</p> <p>Support House bill.</p> <p>Support House bill.</p> <p>Support House bill.</p>

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Containing costs	Restructure Medicare Advantage Plans to avoid over charging Medicare; reduce market updates in Medicare payment rates for providers, reduce Medicare and Medicaid charity care payments to hospitals since there will be less need, test payment incentive models to create patient-centered medical homes: reduce payments for preventable hospital readmissions; require the federal government to negotiate drug prices directly with pharmaceutical companies concerning Medicare Part D drugs; increase the Medicaid drug rebate percentage; reduce fraud, waste and abuse in public programs.	Restructure Medicare Advantage Plans to avoid over charging Medicare; reduce market updates in Medicare payment rates for specified providers; freeze the threshold for income related Part B premiums and reduce the premium subsidy for higher income persons; establish an independent board that will submit recommendations to reduce per capita rate of growth in Medicare without cutting benefits if that growth exceeds a certain rate, create accountable care organizations; test different payment methods to reduce costs and improve quality; reduce payments to hospitals that have excessive preventable readmissions; increase the Medicaid drug rebate percentage, reduce Medicaid charity care payments to hospitals; and reduce fraud, waste and abuse in public programs.	Out of control medical costs is one of the major reasons why so many families are becoming uninsured. For the last 20 years health costs in New Jersey have increased by an average of 6% which is twice the inflation rate. This rate cannot be sustained by either the public or private sector	Most of the cost containment provisions in both bills should be accepted with the savings used to make the final bill more affordable and Medicare more financially solvent as long as benefits are not reduced.
Guaranteed Benefits	Requires the first seven benefits in the Senate bill and -Equipment and supplies -Rehabilitative and habilitative services -Durable medical equipment	Guarantees the following: 1. Hospitalization 2. Outpatient services 3. Physician services 4. Maternity and newborn care 5. Pediatric services such as dental and vision care 6. Mental health and substance abuse services 7. Prescription drugs 8. Emergency services 11. Medical and surgical care Day surgery and related anesthesia 12. Diagnostic screening and imaging 13. Radiation and chemotherapy	Both bills would result in a major expansion of mandatory benefits compared to state law. For example, New Jersey does not require basic benefits like hospitalization, outpatient hospital services, prescription drugs, substance abuse treatment and vision services for children. There could also be a major expansion of benefits for people with disabilities depending on how “mental health”, “rehabilitative and habilitative services” are defined. New Jersey also requires benefits that may not be included in the final federal benefits, but both bills would allow the state to continue to require them.	Support all benefits specified in both bills.

Abortion coverage	A plan offering abortion coverage (except to save the life of the woman and in cases of rape and incest) is only permitted in the Exchange if the insurer also offers another plan without abortion coverage. Plans offering abortion are not allowed in the public insurance option at all. Requires separation of accounts for states that allow plans to provide abortion coverage to ensure that federal premium and cost sharing credits are not used for abortions except for the above exceptions. Plans cannot discriminate against a provider that refused to provide, pay for, provide coverage or refer for abortions. Allows states to continue to fund abortions with all state funds if “medically necessary.”	Permits states to prohibit abortion coverage in all plans in a state participating in the Exchange. At least one plan in the Exchange must not cover abortions. Federal premium subsidies may not be used for abortions except to save the life of the woman and in cases of rape and incest, although individuals may purchase such coverage with their own funds if they are accounted for in separate premiums. Plans cannot discriminate against a provider that refused to provide, pay for, provide coverage of, or refer for abortions.	Both bills place new restrictions on federally funded abortions that would likely reduce abortion coverage in New Jersey. Currently federal law does not fund abortions in Medicaid except to save the life of the woman and in cases of rape and incest. However, New Jersey uses all state funds to cover abortion in Medicaid, therefore there would be little change for those individuals. However many of the limitations on abortion coverage in the bills that would apply to women in the Exchange are new. It is estimated that there are about 140,000 uninsured women in New Jersey between ages 15 and 44 who will be eligible for the Exchange in the Senate bill and 121,000 in the House bill. There is also concern that some insurers will decide to drop abortion coverage altogether for women in and out of the Exchange to avoid having to implement separate plans.	Regardless of one’s view on abortion, a bill as complex and as important as health reform should not be used as a vehicle to also debate an issue that has major religious and moral implications. The final legislation should adopt a policy on abortion coverage that is as similar as possible to current federal law.
Community living assistance	A community living assistance services and supports (CLASS) program would be established that provides a cash benefit to enable individuals with functional limitations to purchase non-medical services and supports. The program will be self-funded through voluntary payroll deductions.	Same	This program could have a significant impact in avoiding institutionalization and improving the quality of life for many New Jerseyans with disabilities	Support both bills.
Major revenues over ten years	Savings resulting from making Medicare and Medicaid more efficient. A 5.4% surtax on families with incomes above \$1 million and	Savings resulting from making Medicare and Medicaid more efficient. Excise tax on insurers providing job-based insurance policies costing	The “millionaires” tax in the House bill would only affect about ___ households in New Jersey. The excise tax, on the other hand, would affect middle class families in addition to higher income	Support the “millionaire” and other taxes in both bills but oppose the excise tax. If the excise tax must remain, it should be amended to exclude insurance plans of middle-income wage earners.

	individuals above \$500,000.	<p>more than \$23,000 for families and \$8,500 for individuals.</p> <p>Increases the hospital insurance (Medicare Part A) tax rate from 1.45% to 2.35% for individuals earning over \$200,000 and \$250,000 for married couples.</p> <p>Requires new fees on pharmaceutical and medical device manufacturers, and insurance companies.</p>	<p>households. At least a fifth of households nationally earning between \$50,000 and \$75,000 have insurance policies that are targeted in the Senate bill which would affect over 100,000 households in New Jersey. The total number of households affected by the tax within three years of implementation would be at least 1.1 million in New Jersey.</p>	