

## State of New Jersey

## Governor Phil Murphy

# Governor Murphy Announces New Jersey to Transition to State-Based Exchange

03/22/2019

**TRENTON** – Acting to improve health care access for New Jersey residents, Governor Murphy today announced that the State of New Jersey will move to a State-Based Health Exchange for the year 2021. The action will allow New Jersey greater control over its health insurance market and the ability to establish stronger protections against the Trump Administration's sabotage of the ACA. The Governor has also proposed codifying in state law the protections provided by the Affordable Care Act.

"New Jersey has not shied away from the work required to secure the protections afforded by the Affordable Care Act and to provide access to quality affordable health care that our residents deserve – in fact, in partnership with the Legislature our state has stepped up," **said Governor Phil Murphy**. "Together with the Legislature, we have the ability to further protect New Jersey from actions taken by the Trump Administration to roll back the hard-fought protections afforded by the ACA and I would argue we have an obligation to do so."

"New Jersey's work has demonstrated results for consumers and created greater access to quality affordable coverage. However, because we are operating on the federal exchange we are subject to the whims of the Trump administration and directly impacted by its efforts to damage and destabilize the market," **said Department of Banking and Insurance Commissioner Marlene Caride**. "Moving to a state-based exchange is the right next step in our work to improve access to coverage and care. The federal government has cut the enrollment period, and slashed funding for outreach, advertising and navigators that provide critical assistance to residents in our communities. Funding sent to Washington to utilize the federal exchange will be better utilized right here in New Jersey, where we can establish policies that create greater stability, access and improved protections for residents."

To ensure New Jersey residents have access to more affordable insurance coverage options in the individual and small employer markets, especially in the face of continued federal attacks and looming threats, it is vital that the state build upon the progress made through the Affordable Care Act. New Jersey has already taken significant action to stabilize the market – it established a reinsurance program, implemented a requirement to have coverage, and took over plan management of the exchange in New Jersey. As a result of the state's work, rates in the individual market went down by 9.3 percent this year. The Murphy Administration is looking to build and strengthen infrastructure needed to advance the ACA and support additional efforts to stabilize and strengthen the market, and to secure insurance protections and protections against discrimination in state law.

"Maintaining a viable insurance market is critical to the success of the ACA, currently being undermined and sabotaged by the Trump Administration. New Jersey has benefited immensely from the ACA and I am glad to see that we are doing what we can to maintain the benefits for New Jerseyans across the state that rely on crucial health care services," **said Senator Vitale, the chairman of the Senate Health, Human Services and Senior Citizens Committee**.

"In recent years, New Jersey had achieved real progress in lowering its uninsured rate and bringing down the cost of health insurance through thoughtful and creative policy decisions. So, when the federal government attempted to dismantle the Affordable Care Act, we acted swiftly to ensure that the progress made was not lost," **said Senator Troy Singleton**. "However, more needs to be done to expand access to health insurance and to stabilize the marketplace. I look forward to working with Governor Murphy and my legislative colleagues to make that happen."

"In the wake of repeated efforts of the Trump Administration to dismantle national health reforms, it's vitally important that New Jersey takes action to preserve the protections of the Affordable Care Act for the many New Jerseyans that rely on it," **said Assemblyman Herb Conaway, who is chair of the Assembly Health and Senior Services Committee**. "This healthcare security plan will serve to continue our state's leadership role in ensuring broader access to adequate and affordable healthcare through the insurance marketplace."

"We must take action to preserve affordable healthcare for New Jersey residents. The ongoing efforts in Washington to destabilize the health insurance market will only lead to higher costs for New Jersey residents unless we take common sense action," **said Assemblyman John McKeon**. "New Jersey has fought long and hard to get more people insured. It's not only fiscally but socially responsible. This is a step in the right direction toward ensuring access to affordable healthcare for all."

Transitioning to a State-Based Exchange (SBE) will give the state more control over the open enrollment period; access to data that can be used to better regulate the market, conduct targeted outreach and inform policy decisions; and allow user fees to fund exchange operations, consumer assistance, outreach and advertising. By redirecting the assessment on premiums, currently paid to the federal government to utilize a Federally-Facilitated Exchange (FFE), New Jersey can operate an exchange that is tailored and efficient for New Jersey residents.

The SBE itself can be created through Executive Action, beginning with today's submission of a Declaration Letter by the state to the federal Centers for Medicare and Medicaid Services (CMS). To fund the operation of the SBE, legislation will be required to transfer the current federal exchange user fee, which is presently set at 3.5% of premiums, to a 3.5% State-Based Exchange user fee for plan year 2021 – a rate that raises over \$50 million a year. Maintaining the existing user fee in the individual market at 3.5% of premium in New Jersey will allow the state to dedicate funding towards outreach and enrollment efforts, which have been reduced at the federal level, as it transitions to an SBE for 2021.

The Murphy Administration is also proposing to secure the protections in the ACA by codifying major provisions of the federal law.

The Texas v. Azar case, currently pending appeal in the Fifth Circuit, threatens the ACA. While the ACA remains fully in effect following the district court decision, the law is clearly under threat. New Jersey had many of the ACA consumer protections in State law before the ACA was passed. However, state law has not been updated in all respects to incorporate the ACA protections. In the event the ACA were overturned in the courts, or further destabilized at the federal level, significant reforms to New Jersey law are required to maintain the ACA consumer protections.

The Administration proposes codifying many of the primary ACA consumer insurance protections including:

- Prohibiting preexisting conditions exclusions
- Requiring dependent coverage to age 26
- Requiring coverage of Essential Health Benefits
- Prohibiting lifetime and annual limits
- Requiring coverage without cost sharing for preventative services.

The Governor today sent a Declaration Letter notifying CMS of New Jersey's intent to create a State-Based Exchange for 2021. **The letter may be found here** (<http://d31hzhk6di2h5.cloudfront.net/20190322/f0/94/d0/f0/30f65b86a9a631eaf7b449ad/CMSletter.pdf>).

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