

Governor Phil Murphy

# Governor Murphy Signs Legislation to Restore a Key Provision of the Affordable Care Act and Lower the Cost of Health Care in New Jersey

07/31/2020

**TRENTON** – Acting on a commitment to restore the Affordable Care Act in New Jersey, Governor Phil Murphy today signed legislation that will increase affordability and expand access to health care by creating state-level subsidies to lower the cost of health insurance for residents purchasing coverage on the Marketplace this fall. The measure was originally included in the Governor’s initial FY2021 state budget.

“As the federal government continues to attack critical provisions of the Affordable Care Act, our Administration remains committed to lowering the cost of coverage, expanding access to care, and improving health equity for our most vulnerable,” **said Governor Murphy**. “This action could not come at a more critical juncture, and will directly benefit our uninsured and underinsured populations at a time when many New Jerseyans have lost health coverage as a result of the COVID-19 pandemic.”

The legislation (S2676/A4389) establishes the New Jersey Health Insurer Assessment (HIA), which is a continuation of a federal assessment on health insurance companies that will sunset at the end of the year. All of the revenue generated will be used to support residents and families purchasing policies on the individual market. It will allow the state to provide state-level subsidies, in addition to federal subsidies that are available, for the majority of consumers purchasing insurance on the State-Based Marketplace when the ACA Open Enrollment Period begins on Nov. 1.

The subsidy program will be available to New Jerseyans with annual income up to 400% of the Federal Poverty Level, which allows an individual earning up to \$51,040, and a family of four earning up to \$104,800, to qualify for the subsidy program. The estimated average subsidy for an individual would be at least \$564 a year, and at least \$2,256 a year for a family of four. Actual subsidy amounts will be based on an actuarial simulation study being conducted by the Department of Banking and Insurance in order to maximize the benefit for New Jerseyans.

The law sets the state HIA rate at 2.5% of net written premiums and applies it to certain fully insured health insurance markets. The assessment is expected to bring in more than \$200 million in revenue starting in calendar year 2021. Under the law, this revenue can only be used to increase affordability in the individual market and providing greater access to the uninsured through a number of means including subsidies, reinsurance, and other efforts. An estimated \$77 million will be dedicated to the reinsurance program to address high cost claims and lower premium costs in the individual market.

“This law builds on the work we are doing to improve access to health insurance and allow more New Jerseyans to obtain affordable quality health coverage,” **said Department of Banking and Insurance**

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**Commissioner Marlene Caride.** “These are funds that are going to be used exclusively to make health insurance more affordable. Now when the state launches its own Marketplace in the fall, we will be able to offer more financial help to our residents to improve affordability for those already covered on the Marketplace and families newly enrolling in health insurance.”

“I cannot think of a more important time to help New Jersey residents and families afford coverage and access critical health care services and treatments,” **said Shabnam Salih, Director of the Office of Health Care Affordability and Transparency.** “I want to thank Governor Murphy and Commissioner Caride for their steadfast leadership and our legislative leaders for their continued partnership and commitment to putting health care access for New Jerseyans first.”

“This bill will help to ensure that people are able to afford health insurance during this critical time when a global disease is not only threatening their health, but their financial security in unimaginable ways,” **said Senator Joe Vitale, Chair of the Senate Health, Human Services and Senior Citizens Committee.** “Of the many fissures exposed by COVID-19, the deficiencies in a system that relies on employer-based coverage is one that can't be ignored. These subsidies could not come at a more critical time, in the midst of a pandemic, when health insurance is more vital than ever.”

“As the Trump administration has worked to dismantle the ACA, in New Jersey we moved to mirror what was available to people at the federal level, largely implementing it within our own state-based exchange,” **said Assemblyman John McKeon.** “By replacing what stood at the federal level, this legislation simply serves as a state level continuation of a soon-to-expire assessment that insurers were already paying. This will allow us to more appropriately and significantly enhance the individual market in New Jersey and provide subsidies to keep rates down so insurance is more affordable for our families and individuals. Ultimately, this bill is a critical piece in our plan to safeguard access to affordable healthcare so that every New Jersey resident is insured.”

“Adopting the Health Insurance Assessment will enable us to create more affordable coverage options for low and moderate income families, help drive down the number of uninsured, and close the racial gaps in coverage that persist in our state,” **said Maura Collinsgru, Health Care Program Director of New Jersey Citizen Action.** “Addressing these priorities will move us closer to our shared goal of ensuring all New Jersey residents have access to quality, affordable health care. NJCA and our many NJ For Health Care partners applaud the Governor and members of the Legislature for their support of this important legislation.”

“Access to high-quality, comprehensive health coverage is a necessary building block for strong communities and a robust economy,” **said Brandon McKoy, President of New Jersey Policy Perspective.** “By enacting a state-level health insurance assessment, New Jersey has taken a big step toward expanding health coverage, making health insurance more affordable, and reducing racial disparities in access to care. This is a big win for the state's uninsured residents, as well as those who struggle to afford coverage — especially now during a global pandemic. We thank Governor Murphy, Senator Joe Vitale, and Assemblyman John McKeon for their leadership on this issue, and to all of the grassroots advocates who helped make this law possible.”

**In a joint statement, Brandon McKoy, President of New Jersey Policy Perspective, Elise Boddie, of the The Inclusion Project, Rev. Dr. Charles Boyer, Director of Salvation and Social Justice, Rev. Eric Dobson, Deputy Director of the Fair Share Housing Center Jerome Harris, Managing Director of The Harris Organization, Richard T. Smith, President of NAACP New Jersey State Conference, who are members of United Black Agenda, said:**

“With a state-level health insurance assessment in place, New Jersey can get to work dismantling the barriers to care faced by Black residents in every corner of the state. For far too long, Black New Jerseyans have been disproportionately represented among the state's uninsured. This is a troubling manifestation of white supremacy and the nation's legacy of slavery. We thank Governor Murphy, Senator Vitale, and Assemblyman McKeon for their leadership on this critical measure to expand health coverage and reduce disparities in the health care system.”

Governor Murphy's Administration has taken numerous actions to improve access to health coverage, including the creation of a reinsurance program, instituting the shared responsibility requirement, and establishing a State-Based Exchange, among others. These actions have lowered insurance rates in the individual market, and set the foundation for improved health care outcomes in New Jersey.

## Governor Phil Murphy

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