

Governor Phil Murphy

Murphy Administration Releases New Reports Highlighting the Urgent Need to Continue Improving Health Care Affordability

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Findings show that while New Jersey benefits from high-quality care, health care costs have risen rapidly over nearly a decade

TRENTON – The Murphy Administration today released a [trio of reports](https://www.nj.gov/dobi/division_insurance/HART/reports.html) (https://www.nj.gov/dobi/division_insurance/HART/reports.html) assessing the quality and affordability of health care in New Jersey. These reports serve as a critical first step to understanding and addressing the health care affordability challenge impacting individuals and families both in the state and across the nation. Together, the reports show that a lack of affordable health care continues to burden New Jerseyans, and they will be instrumental in supporting the development of innovative and collaborative approaches to address high costs.

The reports come on the heels of recently enacted [legislation](https://nj.gov/governor/news/news/562024/approved/20240722a.shtml) (<https://nj.gov/governor/news/news/562024/approved/20240722a.shtml>) that protects consumers from harmful medical debt and builds upon a significant foundation of health care affordability and accessibility initiatives championed by Governor Murphy. This includes record enrollment into quality, affordable health coverage through Get Covered New Jersey, enhanced Medicaid benefits, a [landmark legislative package aimed at prescription drug affordability and transparency](https://www.nj.gov/governor/news/news/562023/approved/20230710a.shtml) (<https://www.nj.gov/governor/news/news/562023/approved/20230710a.shtml>), and increased prescription drug assistance for low-income seniors, which have brought financial relief to New Jersey residents as well as provided a strong foundation for long-term solutions that expand access to affordable health care.

“We’ve taken critical steps toward addressing the rising cost of health care in New Jersey, but these reports underscore the urgency to continue our progress in making high-quality health care more affordable for all,” **said Governor Phil Murphy**. “It’s time to ramp up our work to transform our health care system so that it delivers the best care possible at a price that every New Jerseyan can afford.”

Commissioned by the New Jersey Health Care Affordability, Responsibility and Transparency (HART) Program, a joint initiative of the Governor’s Office of Health Care Affordability and Transparency (OHCAT) and the Department of Banking and Insurance (DOBI), the reports represent an important milestone in advancing the State’s long-term strategy to mitigate the unsustainable rate of health care cost growth. Most significantly, they bring greater transparency to health care spending, providing everyone in the state with a shared understanding of how rapidly health care costs are growing and the factors contributing to high costs and cost growth.

“We’re all feeling the financial strain of inflation and the rising costs of daily life. These reports serve as a critical landmark in our efforts to make high-quality health care more affordable and accessible for everyone in our state, and set the stage for more work to come,” **said OHCAT Director Shabnam Salih**. “Using this information, advocates, policymakers, and leaders in the health care industry can make evidence-based decisions about how to bring better value and cost savings to New Jersey residents and businesses.”

The three reports released today include:

- **First Annual Cost Growth Benchmark Report: 2018-2019**, which is based on comprehensive aggregate spending data submitted by health insurance carriers operating in NJ. The report finds that statewide health care spending grew 4.5 percent between 2018 and 2019, increasing from \$10,061 to \$10,509 per person. Health care spending growth varied by market, with the highest growth in the commercial insurance market (8.7%), followed by Medicaid (4.4%) and Medicare (0.2%). This is the first of the HART Program’s annual Cost Growth Benchmark Reports, which offer insights into the year-

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over-year change in total health care spending in New Jersey in the last full year before the COVID-19 public health emergency. Following the first program year, future reports will compare annual health care spending to New Jersey's health care cost growth benchmark, a target to slow spending growth.

- ***Health Care Spending Trends for New Jersey Residents with Commercial Insurance, 2016–2021***, which is based on detailed claims data for approximately 25% of New Jerseyans with employer-sponsored insurance, obtained through the [Health Care Cost Institute \(https://healthcostinstitute.org/\)](https://healthcostinstitute.org/). The findings show that rising health care prices — and not increased use of services — are driving spending growth in the commercial sector. According to the report, spending per person in New Jersey is growing faster than the national average rate, a gap that has widened from 12 percent in 2016 to 15 percent in 2021.
- ***The Health Care Landscape in New Jersey: Select Indicators of Quality, Access, and Affordability***, which summarizes New Jersey's performance on a select set of measures of quality, access, and affordability that are obtained through secondary sources. The report finds that health care affordability has generally worsened because of increased spending for out-of-pocket medical costs and health care premiums, while quality and access have remained consistent or improved, compared with previous years. One exception is primary care, where use has fallen. The report highlights the health inequalities among New Jerseyans, with the medical cost burden highest among people with low incomes. White residents fared the worst on the affordability measure of medical cost burden. Residents of Hispanic and Latino heritage fared the worst in terms of access, and Black residents experienced the worst health outcomes. Counties that performed better than the state average on measures of quality were more likely to be in North or Central Jersey, while counties that performed worse on those measures were more likely to be in South Jersey.

Additionally, pursuant to [Executive Order No. 217 \(https://nj.gov/infobank/eo/056murphy/pdf/EO-217.pdf\)](https://nj.gov/infobank/eo/056murphy/pdf/EO-217.pdf), the Department of Banking and Insurance has prepared a report regarding health insurance affordability standards that has been posted on the [Department's website \(https://www.nj.gov/dobi/division_insurance/HART/reports.html\)](https://www.nj.gov/dobi/division_insurance/HART/reports.html).

"The reports released today allow for greater transparency around costs and improved understanding of New Jersey's health care landscape, which will drive strategies to limit cost growth over time," **said Department of Banking and Insurance Acting Commissioner Justin Zimmerman.** "New Jersey is committed to increasing access to quality, affordable health care. While strides have been made through the establishment of Get Covered New Jersey, the state's Official Health Insurance Marketplace, state subsidies to make plans more affordable, caps on certain prescription drugs, and the implementation of out-of-network reforms, it is clear we have more work ahead to connect residents with care they can afford."

By facilitating the reporting of health care costs in the state and using data to understand the causes of rising health care costs, these reports can inform whole-of-government strategies to reduce health care cost growth while sustaining or improving quality of care, reflecting the Governor's commitment to put in place long-term solutions that will benefit generations to come.

Across New Jersey, hospitals and health care providers, carriers, employers, consumer groups, union groups, and policy organizations have signaled their commitment to working collaboratively to make health care more affordable, signing onto a [compact \(https://d31hzlkh6di2h5.cloudfront.net/20211221/be/1a/0b/38/8d3558a7fdb16003295bc464/Final_Stakeholder_Compact_.pdf\)](https://d31hzlkh6di2h5.cloudfront.net/20211221/be/1a/0b/38/8d3558a7fdb16003295bc464/Final_Stakeholder_Compact_.pdf) to meet the State's established benchmark for health care spending growth. This benchmark acts as a statewide goal for how much health care spending should grow each year to be affordable, bringing it in line with projected increases in wages and the state economy.

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