

## Governor Phil Murphy

# Governor Murphy Launches New Jersey Health Care Cost Benchmark Program

12/21/2021

*Program Widely Supported by Advocates, Health Care Providers, and Insurers*

**TRENTON** – Governor Phil Murphy today signed Executive Order #277, launching the New Jersey Health Care Cost Growth Benchmark Program, joined by Governor's Office of Health Care Affordability and Transparency Director Shabnam Salih, Department of Banking and Insurance Commissioner Marlene Caride, New Jersey Hospital Association CEO Cathy Bennett, New Jersey Association of Health Plans President Wardell Sanders, and Sandkamp Woodworks owner Tony Sandkamp. The Governor also announced a stakeholder compact that unites New Jersey insurers, health care providers, and health care advocates in support of the new program and the goal of working together to provide more affordable health care for all New Jerseyans.

"The COVID-19 pandemic underscores just how important it is that New Jersey continues to work to lower the cost of health care for residents, and we recognize that affordable, quality health care is a critical part of our COVID-19 recovery," **said Governor Murphy**. "Making New Jersey a more affordable place to call home for our residents and businesses means working to address the cost of high health care prices. New Jersey has world class health care institutions and providers, and we want to ensure that New Jerseyans have more affordable access to these services."

"New Jerseyans deserve the piece of mind of quality and accessible health care and we know that access often begins with being able to afford the care you need without sacrificing other critical needs," **said Governor's Office of Health Care Affordability and Transparency Director Shabnam Salih**. "As we continue our fight against the COVID-19 pandemic and think about our collective recovery, I'm proud that my Office has been able to support the development and launch of this important program so we can establish a future for a comprehensive health care affordability work in New Jersey for years to come."

"Today we are coming together with health care partners and employers to say that we are all committed to the shared goal of providing relief to residents in our state as they seek the quality care they need," **said Department of Banking and Insurance Commissioner Marlene Caride**. "The health care cost growth benchmark program will promote increased transparency and accountability for health care spending, and slow the rate of growth to make health care more affordable and sustainable for families, individuals, employers, and the state."

High quality, affordable health care is a right for everyone. Individuals should not have to make critical decisions to forego care because they are concerned about the cost. All New Jerseyans should have access to the care they need with a cost they can afford," **said Department of Health Commissioner Judith Persichilli**.

"All New Jerseyans deserve access to quality health care. However, the high cost of health care remains a deterrent for too many families. Making health care more accessible has been a top priority for this administration, and this is another step forward towards that goal. Lower health care costs means more New Jerseyans will have access to life-saving health care when they need it. We remain committed to this vision and look forward to working with all stakeholders to make health care more affordable and accessible to all New Jerseyans," **said Department of Human Services Acting Commissioner Sarah Adelman**.

"In many ways, today's announcement is a fitting end to 2021. No industry has been more tested than healthcare and more committed to caring for our patients and communities," **said New Jersey Hospital Association President and CEO Cathy Bennett**. "But cost should never become a barrier to people accessing the healthcare services they need. We are committed to the Governor's vision of making healthcare affordable to consumers and ensuring access to quality care. We also will continue supporting the state's efforts to identify and understand the many factors that contribute to healthcare cost trends."

"NJAHF appreciates the multi-stakeholder work that has gone into developing a mechanism to examine and stem rising health care costs, which remain the greatest barrier to access to care for New Jersey residents," **said New Jersey Association of Health Plans President Ward Sanders**.

"This compact is an important recognition that making health care more affordable can only occur when everyone is at the table with the patient's best interests – health and financial - as their priority," **said Horizon Blue Cross Blue Shield of New Jersey President and CEO Gary D. St. Hillaire**. "From our early work developing patient centered medical homes to launching the OMNIA Health Alliance, this kind of collaboration has been at the heart of Horizon's work with our provider partners for more than a decade. On behalf of our 3.8 million members and the thousands of employers who trust Horizon to provide coverage for their most important asset – their people – I thank Governor Murphy for his leadership and all of my colleagues and the organizations they represent for their commitment to rolling up our collective sleeves to do the hard work it will take to make health care more affordable."

"The New Jersey Health Care Cost Growth Benchmark Program represents a significant first step in ensuring that quality and affordable healthcare remains available for all New Jersey residents and businesses," **said Mitch Livingston, NJM President, and Chief Executive Officer**. "For over a century, NJM Insurance Group has remained committed to offering our employees comprehensive healthcare benefits, as they serve the needs of our policyholders. We applaud the Administration's efforts and the work of the Task Force to ensure that businesses like NJM can continue to meet that commitment."

"At AmeriHealth New Jersey we are dedicated to the people and communities across the Garden State. We are pleased that Governor Murphy is focused on bringing stability and affordability to the New Jersey health insurance market," **said AmeriHealth New Jersey Market President Mike Munoz.** "The Murphy Administration and the legislature have worked to expand access to health insurance. Now we must commit to reducing the cost of care to ensure the health and well-being of many New Jersey residents are not at risk. I will continue to be an active member of the Health Care Affordability Advisory Group as we work together on lowering health care costs in our state."

From 2010 to 2016 in New Jersey, health care premiums and deductibles have grown roughly three times faster than residents' incomes (<https://ldi.upenn.edu/our-work/research-updates/the-burden-of-health-care-costs-for-working-families-2/>) and in 2016, premiums equaled almost a third (<https://ldi.upenn.edu/our-work/research-updates/the-burden-of-health-care-costs-for-working-families-2/>) of median household income. Further, a survey (<https://www.healthcarevaluehub.org/advocate-resources/new-jersey-consumer-healthcare-experience-state-survey>) of more than 900 New Jersey adults, conducted from May 7, 2020 to May 12, 2020 found that more than three-quarters (77%) are worried about affording healthcare in the future.

Recognizing the unsustainability of these trends and the economic hardship on residents and businesses because of the COVID-19 pandemic, on January 28, 2021, the Governor signed Executive Order #217 directing the development of a health care cost growth benchmark program to mitigate the rate of health care cost growth in the State. With Executive Order #277, the Governor formally establishes the New Jersey Health Care Cost Growth Benchmark Program and takes a concrete step toward curbing health care cost growth. The benchmark program also offers an important opportunity for the implementation of market-based strategies rooted in broad stakeholder commitment and industry-wide collaboration to support benchmark attainment.

The New Jersey Health Care Cost Growth Benchmark Program will provide everyone in the state with a shared understanding of how much health care costs are growing and factors contributing to high costs and cost growth. Over time, the benchmark program aims to decrease how much health care costs grow each year, and to contribute to making health care more affordable. The Governor's Office of Health Care Affordability and Transparency and the Department of Banking and Insurance will lead the efforts of the benchmark program, along with committed partners at the Department of Health, Department of Human Services, Department of Treasury, and the Division of Community Affairs. The Health Care Affordability Advisory Group, developed per EO #217 has also been critical to the development and launch of this program.

The program is also bolstered by a stakeholder compact organized by the Murphy Administration consisting of advocacy groups, hospitals and health care providers, leading insurers, a union, employers and other stakeholders across New Jersey and is a collaborative agreement memorializing the collective commitment of stakeholders to work toward implementing the benchmark program, it sets forth the benchmark plan and establishes a commitment to take actions to make health care more affordable and to participate in the data collection, validation, analysis and reporting processes.

The following organizations, advocacy groups, and businesses have signed onto the compact:

- AmeriHealth New Jersey
- Atlantic Health System
- Camden Coalition of Healthcare Providers
- Cooper University Health Care
- Hackensack Meridian Health
- Horizon Blue Cross / Blue Shield of New Jersey
- New Jersey Association of Health Plans
- New Jersey Citizen Action
- New Jersey Health Care Quality Institute
- New Jersey Hospital Association
- NJM Insurance Group
- Rutgers University AAUP-AFT
- RWJ Barnabas Health
- Sandkamp Woodworks
- St. Joseph's Health
- Summit Health
- Virtua Health

"Health care affordability is a critical issue that must be addressed in our State and one that requires a collaborative team effort," **said Atlantic Health System President & CEO Brian Gragnolati.** "I thank Governor Murphy for his leadership in pulling together key stakeholders on behalf of patients and caregivers. Atlantic Health System looks forward to continuing to participate in this essential work."

"Cooper is honored to be part of Governor Murphy's NJ Health Care Cost Growth Program as we all work to mitigate unsustainable health care cost increases while ensuring our system continues to provide advanced, high quality care for our state's residents," **said Co-CEO of Cooper University Health Care Kevin O'Dowd, JD.**

"As part of our longstanding commitment to ensuring affordable, quality and equitable care to our communities, we are proud to sign on to this compact," **said Hackensack Meridian Health CEO Robert C. Garrett.** "We look forward to our continued partnership with the state and other key leaders."

"This important project will shed light on what is driving New Jersey health care costs higher and enable us to craft solutions to address the problem at its source," **said New Jersey Citizen Action Health Care Program Director Maura Collingsgru.** "Controlling costs while not diminishing access is critical if we are to achieve our shared goal of universal health care for all New Jerseyans. We look forward to continue working alongside the Governor, Legislature and all our allies to lower costs and increase access until that goal is reached."

"The New Jersey Healthcare Cost Benchmark Program is the most significant attempt to bring together all health care stakeholders to the benefit of our caregivers and those needing care," said **Rutgers AAUP-AFT Executive Director Patrick Nowlan**. "We commend Governor Murphy and his Team for their leadership in controlling healthcare costs while improving healthy outcomes. New Jersey's working families need relief from the burden of high healthcare costs and this is our best opportunity yet. Labor is ready to take these benchmark goals and, in partnership with providers, payers and the State, drive meaningful cost savings results that positively impact the mental and physical well-being of our members and all New Jerseyans."

"RWJBarnabas Health is committed to making healthcare affordable for all the residents of New Jersey while continuing to enhance patient care and increasing access," said **President and CEO for RWJBarnabas Health Barry H. Ostrowsky**. "I applaud Governor Murphy and thank him for his efforts in bringing providers, insurers and the business community together to work collaboratively on this critical issue. We couldn't be more excited to be an integral part of this process."

"On behalf of Summit Health, I am honored to join this important cross-sector initiative and support the NJ Health Care Cost Growth Benchmark Program to help advance the shared goals of improved health care affordability, accessibility, and transparency," said **Summit Health CEO Jeff Alter**.

"Everyone in New Jersey should have access to quality, affordable, and equitable health care. Virtua Health is proud to participate in Governor Murphy's Health Care Cost Benchmark Program and work toward sustainable solutions that support individuals and families in our region," said **Virtua Health President and CEO Dennis W. Pullin, FACHE**.

For more information about the program please click here

([https://d31hzhk6di2h5.cloudfront.net/20211221/0a/64/5c/11/8de8054134b1f8ac0be39fe9/Benchmark\\_Program\\_Highlights\\_and\\_FAQs.pdf](https://d31hzhk6di2h5.cloudfront.net/20211221/0a/64/5c/11/8de8054134b1f8ac0be39fe9/Benchmark_Program_Highlights_and_FAQs.pdf)).

For the stakeholder compact please click here

([https://d31hzhk6di2h5.cloudfront.net/20211221/be/1a/0b/38/8d3558a7fdb16003295bc464/Final\\_Stakeholder\\_Compact\\_.pdf](https://d31hzhk6di2h5.cloudfront.net/20211221/be/1a/0b/38/8d3558a7fdb16003295bc464/Final_Stakeholder_Compact_.pdf)).

For a copy of Executive Order #277, please click here (<https://nj.gov/infobank/eo/056murphy/pdf/EO-277.pdf>)

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