

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 5213

STATE OF NEW JERSEY
219th LEGISLATURE

DATED: JUNE 8, 2021

SUMMARY

- Synopsis:** Establishes New Jersey Easy Enrollment Health Insurance Program.
- Type of Impact:** State expenditure increase; Potential decrease in revenue to the New Jersey Health Insurance Premium Security Fund.
- Agencies Affected:** Department of Banking and Insurance; Department of the Treasury; Department of Human Services.

Office of Legislative Services Estimate

| Fiscal Impact | <u>Annual</u> |
|----------------------------|---------------|
| State Expenditure Increase | Indeterminate |
| State Revenue Decrease | Indeterminate |

- The Office of Legislative Services (OLS) notes that the bill will result in an indeterminate increase in State administrative expenditures tied to the Department of Banking and Insurance’s (DOBI) implementation of the New Jersey Easy Enrollment Health Insurance Program, which include expenditures incurred through the implementation of the program’s Advisory Workgroup. Absent information from DOBI, however, the OLS cannot anticipate the resources the department would allocate or whether it would enter into an agreement with a third party for purposes of operating the program. Potential additional administrative expenditures may be realized by the development and implementation of systems, policies, and practices that encourage, facilitate, and streamline determination of eligibility for insurance affordability assistance and enrollment in minimum essential coverage by the Departments of Banking and Insurance, Human Services, and the Treasury.
- The OLS further notes that, if enacted, the bill may result in an annual indeterminate decrease in revenue to the New Jersey Health Insurance Premium Security Fund equal to the amounts of State shared responsibility tax waived by the State Treasurer for any taxpayer who chooses the checkoff box indicating the taxpayer wishes the program to determine the individual’s eligibility for insurance affordability assistance.

BILL DESCRIPTION

This bill requires the DOBI to establish and operate the New Jersey Easy Enrollment Health Insurance Program. The department is required to integrate the program with the State-based health insurance exchange, and may enter into an agreement with a third party for operation of the program. The purpose of the program is to:

(1) establish a State-based reporting system to provide information about the health insurance status of State residents through the use of State income tax returns to identify individuals and determine whether an individual is interested in obtaining minimum essential coverage;

(2) determine whether an individual who is interested in obtaining minimum essential coverage qualifies for insurance affordability assistance;

(3) proactively contact an individual who is interested in obtaining minimum essential coverage to assist in enrolling the individual in insurance affordability assistance and minimum essential coverage; and

(4) maximize enrollment of eligible individuals in insurance affordability assistance and minimum essential coverage to improve access to care and reduce insurance costs for all residents of the State.

The bill requires the Departments of Banking and Insurance, Human Services, and the Treasury to develop and implement systems, policies, and practices that encourage, facilitate, and streamline determination of eligibility for insurance affordability assistance and enrollment in minimum essential coverage to achieve the purposes of the program.

The bill requires the DOBI to establish a New Jersey Easy Enrollment Health Insurance Program Advisory Workgroup to provide ongoing advice regarding the implementation of the program, which is to include representation from various organizations. The workgroup is required to meet at least once every six months.

The program is required to determine eligibility for insurance affordability assistance as soon as possible after an individual files a State income tax return on which the individual indicates that the individual is seeking health benefits coverage.

To the extent practicable, the program must verify an individual's eligibility for insurance affordability assistance with information on a State income tax return and other data from third-party data sources, without requesting additional information from the individual.

The bill provides that if additional documentation from an individual is required to establish eligibility for insurance affordability assistance, the program must take certain steps to limit the burden on the individual.

The bill requires the program to make a determination of eligibility for the State Medicaid program or the NJ FamilyCare Program before determining eligibility for any other insurance affordability assistance. If an individual is determined to be eligible for the State Medicaid program or the NJ FamilyCare Program, the procedures described in the bill and the guidelines established by the program to implement the bill apply.

If an individual fails to select a managed care organization plan within a period of time established by the program, the program may assign the individual to and promptly enroll the individual in a managed care organization plan.

Before an individual is assigned to a managed care organization plan, the individual is required to receive advance notice, an opportunity to select another managed care organization plan, and an opportunity to opt out of coverage.

If an individual is determined to not be eligible for the State Medicaid program or the NJ FamilyCare Program, the program is required to determine whether the individual is eligible for premium tax credits or cost-sharing reductions.

The bill requires the DOBI to develop data privacy and data security safeguards to govern the conveyance, storage, and utilization of data under the program.

The bill requires the Department of the Treasury to include on the individual income tax return form a checkoff box for indicating whether the individual, or each spouse in the case of a joint return, and any individual claimed as a dependent on the tax return is uninsured at the time the tax return is filed.

The bill requires the Department of the Treasury to include with the income tax return form a separate form that is required only for individuals who file a tax return indicating that an individual is uninsured at the time the tax return is filed.

The form is required to include two checkoff boxes. One checkoff box shall give an individual who files a tax return the choice to have the program determine the individual's eligibility for insurance affordability assistance, and obtain additional data that may be relevant to determine the individual's eligibility for insurance affordability assistance. The other checkoff box shall allow an individual who files a tax return the choice to not have the program make that determination.

The bill also requires the Department of the Treasury to waive the State shared responsibility tax for any taxpayer who chooses the checkoff box indicating the taxpayer wishes the program to determine the individual's eligibility for insurance affordability assistance. If the taxpayer fails to enroll in health benefits coverage and maintain that coverage in each month following the enrollment period, the taxpayer is liable for any payments to which the taxpayer would have otherwise been subject.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS notes that the bill will result in an indeterminate increase in State administrative expenditures tied to the DOBI's implementation of the program, which include expenditures incurred through the implementation of the program's Advisory Workgroup. Absent information from DOBI, however, the OLS cannot anticipate the resources the department would allocate or whether it would enter into an agreement with a third-party for purposes of operating the program. Potential additional administrative expenditures may be realized by the development and implementation of systems, policies, and practices that encourage, facilitate, and streamline determination of eligibility for insurance affordability assistance and enrollment in minimum essential coverage by the Departments of Banking and Insurance, Human Services, and the Treasury.

The OLS further notes that, if enacted, the bill may result in an annual indeterminate decrease in revenue to the New Jersey Health Insurance Premium Security Fund equal to the amounts of State shared responsibility (SR) tax waived by the Department of the Treasury for any taxpayer who chooses the checkoff box indicating the taxpayer wishes the program to determine the individual's eligibility for insurance affordability assistance. For purposes of illustration, the following were ranges of the SR payments for the 2020 tax year:

Individual taxpayer:

- Minimum: \$695
- Maximum: \$3,012

Family with two adults and three dependents and household income of \$200,000 or below:

- Minimum: \$2,351
- Maximum: \$5,074

Family with two adults and three dependents and household income of \$200,001 to \$400,000:

- Minimum: \$2,351
- Maximum: \$9,500

Family with two adults and three dependents and household income of \$400,001 and above:

- Minimum: \$2,351
- Maximum: \$16,980

The OLS also notes that there may be a potential indeterminate annual reduction in State charity care disbursements to hospitals, but only if the bill results in more people who would otherwise go uninsured enrolling in and maintaining health benefits coverage. In this scenario, hospitals would likely have reduced outstanding uncompensated care liabilities, and the State can reduce charity care payments to hospitals.

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).