

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 5273

STATE OF NEW JERSEY 220th LEGISLATURE

DATED: AUGUST 15, 2023

SUMMARY

- Synopsis:** Requires automatic enrollment of certain persons recently ineligible for Medicaid in health benefits plan; requires DHS to electronically publish certain data regarding NJ FamilyCare eligibility renewals and call center performance.
- Type of Impact:** Annual State expenditure increases, General Fund.
- Agencies Affected:** Department of Banking and Insurance; Department of Human Services.

Office of Legislative Services Estimate

Fiscal Impact	<u>One-time</u>	<u>Annual</u>
State Expenditure Increase	\$1 million to \$3 million	Up to \$500,000

- The Office of Legislative Services (OLS) estimates that this bill will result in a one-time State expenditure increase of \$1 million to \$3 million due to the development and implementation of technological systems that allow for automatic enrollment of certain individuals through the State-based health insurance exchange. This estimate assumes that these costs will mirror the experiences of other states.
- Additional annual expenses up to \$500,000 may be realized due to: 1) the Department of Banking and Insurance increasing staffing levels to assist the automatic enrollment process and to facilitate post-enrollment communications with enrollees; and 2) the Department of Human Services complying with the data requirements mandated under the bill.
- There could be some marginal fiscal impact to implement data sharing measures between the Department of Human Services and the Department of Banking and Insurance, and no impact is expected due to growth in the provision of State-funded subsidies under the State-based exchange. To the extent that costs are incurred due to these provisions, State expenditures will increase under the bill.

BILL DESCRIPTION

This bill requires the Department of Banking and Insurance to automatically enroll an individual in a health benefits plan through the State-based exchange when the individual becomes ineligible for coverage through the Medicaid program because the individual no longer meets the income requirements of the program, if the individual is not otherwise eligible for a health benefits plan through an employer. The Department of Human Services is required to provide information to the Department of Banking and Insurance so the latter can enroll the individual in the health benefits plan.

The bill provides that the plan enrollment is to occur before the termination date of the Medicaid coverage, and the plan's premium due date is to be no sooner than the last day of the first month of enrollment in the plan. The Department of Banking and Insurance is authorized to establish a special enrollment period for any automated coverage assignment and is to provide an individual who is enrolled in a plan pursuant to the bill with certain notices.

The bill also requires the Department of Human Services to provide certain information on the NJ FamilyCare Data Dashboard website regarding NJ FamilyCare eligibility renewals and terminations, as well as performance metrics at the State's NJ FamilyCare call centers. All data regarding NJ FamilyCare eligibility renewals and terminations is required to be grouped according to race, NJ FamilyCare eligibility group, and age.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that this bill will result in a one-time State expenditure increase of \$1 million to \$3 million due to the development and implementation of technological systems that allow for automatic enrollment of certain individuals through the State-based health insurance exchange. Currently, two other states have adopted policies allowing for a similar type of automatic enrollment: California and Rhode Island. Analysis of the California legislation estimated a one-time cost of \$3 million, in State and federal resources, to implement automatic enrollment, while the Rhode Island Legislature appropriated \$1.3 million in state funds under the annual appropriations act to implement the same measures. This estimate assumes that one-time technological costs will mirror the experiences in these states.

Additional annual expenses may be realized, up to \$500,000, due to two provisions of the bill. First, it may be necessary to increase staffing levels within the Department of Banking and Insurance to assist with the automatic enrollment process and to facilitate post-enrollment communications with enrollees, to the extent that existing staff cannot perform these functions. This estimate assumes that no more the three full-time equivalent employees would be required. The OLS notes that additional staff hired under this bill may be supported by revenues generated from an assessment on premiums paid by health insurance carriers that is statutorily dedicated to the initial start-up costs associated with establishment of the exchange, as well as exchange operations, outreach, enrollment.

In addition, the Department of Human Services may incur some annual expenses due to the data-reporting requirements implemented under the bill. Generally, the bill's requirements largely

mirror current requirements under the federal Consolidated Appropriations Act of 2023 and are already being met by the department. Under the bill, however, the department may experience some cost increases in grouping data regarding NJ FamilyCare eligibility renewals and terminations by race, NJ Family Care eligibility group, and age, as this requirement is not included under the federal law.

There will be no fiscal impact under the bill to implement data sharing measures between the departments, as the Department of Human Service has indicated compliance with these provisions in the State report submitted to the federal Centers for Medicare and Medicaid Services regarding eligibility renewals following the end of continuous Medicaid enrollment under the federal Public Health Emergency, pursuant to the federal Consolidated Appropriations Act of 2023. For reference, eligibility renewals resumed April 1, 2023. Under the report, the Department of Human Services confirms that it has adopted policies and procedures to: 1) ensure that accounts are seamlessly transferred to the State-based Exchange when an individual is found ineligible for NJ FamilyCare; and 2) obtain and include accurate contact information in the account transfer to the State-based exchange.

Moreover, this estimate assumes that there will be no fiscal impact due to increased enrollment in the State-based exchange under the bill and, hence, an increase in State-funded subsidies provided to enrollees under the New Jersey Health Plan Savings program. This program decreases the cost of premiums for current exchange enrollees with an annual household income of up to 600 percent of the federal poverty level, which is \$87,480 for an individual and \$180,000 for a family of four in 2023. According to budget documents for FY 2023, the State expenditure projections for these subsidy payments account for expected migration to the State-based exchange of certain individuals who will lose their NJ FamilyCare coverage upon the expiration of the continuous enrollment policy implemented pursuant to the federal Public Health Emergency.

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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.).