

Marlene Caride, Commissioner
New Jersey Department of Banking and Insurance
Subcommittee on Oversight, Ways and Means Committee: Hearing on
“Maximizing Health Coverage Enrollment Amidst Administration Sabotage”
Tuesday, October 20, 2020 at 12:00 p.m.

Thank you, Chairman Pascrell, Ranking member Kelly and members of the subcommittee. My name is Marlene Caride, and I am the commissioner of the New Jersey Department of Banking and Insurance which regulates the banking, insurance and real estate industries in New Jersey. The department also operates Get Covered New Jersey, the state’s official health insurance marketplace which launched on October 14, 2020, for this year’s open enrollment period.

I appreciate the opportunity to discuss the work of New Jersey to increase access to quality, affordable health coverage for the residents of our state, which has been a priority of Governor Phil Murphy since he took office in 2018.

Actions to Protect the ACA & Improve Access to Quality Affordable Coverage

New Jersey has led in protecting the Affordable Care Act, in stabilizing its health insurance market, and increasing access to coverage based on the guiding principle that health care is a right.

Over the course of our administration, the state has moved in a deliberate way toward where we are today – opening our own State-Based Exchange, making coverage more accessible and affordable for our residents and, because we are operating our own exchange, providing more financial help than ever before for most residents to purchase coverage on the Marketplace this Open Enrollment Period.

Upon taking office in 2018, Governor Murphy signed an Executive Order directing all state agencies that interact with the public to provide information regarding enrollment in the ACA Marketplace as part of state efforts to help as many New Jersey consumers as possible obtain insurance coverage. We took that work seriously, and worked with our partner agencies to create the first ever public awareness campaign to promote the Open Enrollment Period in our state, as funding for outreach and enrollment efforts were dramatically reduced at the federal level.

In 2018, the department took over plan management of the health plans sold on the federal exchange to make sure the state had a role in ensuring they complied with federal law and New Jersey law. The state also enacted two major policies: New Jersey took first-in-the-nation action to continue a requirement to have coverage, after its elimination at the federal level, and implemented a reinsurance program beginning with plan year 2019 to cover high-cost claims and reduce rates in the individual market.

The two laws resulted in health insurance rates in the individual market that were 22 percent lower than they otherwise would have been, according to information provided by health insurance carriers. In New Jersey, rates in the individual market went down in 2019 by 9.3 percent.

Impact of Federal Policies & Transition to State-Based Exchange

The state decided to establish its own Marketplace in order to better secure access to affordable quality coverage for our residents. Last year, the Governor signed legislation to create a State-Based Exchange and, as part of our transition, the department began operating a State-Based Exchange on the Federal Platform for plan year 2020.

While enrollment in Marketplace health plans still took place on Healthcare.gov, we took on the responsibility of providing outreach and of funding and operating the Navigator program. We more than tripled the investment in community organizations, known as Navigators, that provide free education and enrollment help to residents.

This year, we will keep funding in our state that was previously sent to the federal government for use of the federal exchange, and we will use it to strengthen key components of the Marketplace to benefit New Jersey, by investing in outreach, education and enrollment assistance and expanding the open enrollment period.

The fact is that while we have been sending funding to Washington for use of the federal Marketplace, we continued to see policies enacted that threatened the progress made in New Jersey and nationwide as a result of the Affordable Care Act and that made our work increasingly challenging.

The advertising budget for the Affordable Care Act open enrollment period was reduced by 90 percent, from \$100 million in 2016 to \$10 million in 2017, funding

for Navigators was reduced by 62 percent, resulting in New Jersey receiving over \$1 million less to conduct outreach, and the enrollment period was cut in half in 2017, allowing only six weeks for enrollment rather than the three month period held in the fall of 2016.

In addition, the Trump Administration halted funding for Cost Sharing Reduction (CSR) payments, permitted the sale of expanded short-term limited duration plans and encouraged association health plans that do not comply with the Affordable Care Act. It also repealed the individual mandate as part of the federal Tax Cuts and Jobs Act enacted in December of 2017.

In New Jersey, from 2017 to 2018, enrollment in health coverage in the individual market dropped for the first time since the major components of the ACA were implemented in 2014. Enrollment continued to drop the following year with funding to key components of the ACA remaining reduced and the enrollment period at six weeks.

Since New Jersey took control of outreach and enrollment assistance, we began to reverse that trend. The number of New Jerseyans enrolled in individual health plans in the first quarter of the 2020 calendar year, which includes consumers who were newly enrolled and re-enrolled during the November 1, 2019 to December 18, 2019 open enrollment period, increased by 1,221 from the previous year.

Increasing Access, Affordability through Get Covered New Jersey

The state will officially open Get Covered New Jersey for enrollment on November 1st, and with this change we will keep more than \$50 million in funding in our state that was previously sent to Washington. We will use that funding to strengthen critical components of the exchange to benefit our residents such as:

- More financial help than ever before. New state subsidies on top of premium tax credits and cost-sharing reductions available to lower the cost of their health insurance. New Jersey residents with an annual income up to 400% of the Federal Poverty Level (\$51,040 for an individual, and \$104,800 for a family of four) will qualify for subsidies. The estimated average subsidy for an individual would be at least \$578 a year, and at least \$2,313 a year for a family of four. The average net monthly premium for those eligible for financial help, is estimated at \$117 a month for 2021, compared to \$164 a month in 2020, which is almost a 29% reduction year over year.

- Increased Navigators to provide free enrollment assistance. New Jersey invested \$3.5 million in funding for 16 Navigators offering free enrollment assistance to residents, up from \$1.1 million to five Navigators in 2020 and \$400,000 for just one Navigator in the state in 2019 under the federal government.
- A longer Open Enrollment Period. Three months to enroll compared to the six-week window under the federal government.
- A Marketplace tailored for New Jersey. Improved coordination with stakeholders, a call center staffed by New Jersey residents and the ability to respond to the needs of the state with Special Enrollment Periods and Qualifying Life Events, such as Covid-19 or pregnancy.

We have taken deliberate progressive steps to stabilize our market and improve access to coverage, all leading to the establishment of our own State-Based Marketplace for this Open Enrollment Period beginning November 1st.

With the public health emergency we are facing, our residents have lost jobs, income and health coverage, and the need for quality affordable health coverage has never been greater. We believe there is no better time than now to make this transition.

Thank you.