



**Association of Environmental Authorities
NJ League of Municipalities Conference
November 18, 2009**

**Wardell Sanders, President
New Jersey Association of Health Plans**



New Jersey Association of Health Plans Who We Are

The New Jersey Association of Health Plans is a non-profit association of the State's leading health plans.

The purpose of the Association is to provide leadership, education, guidance and technical assistance on issues relating to health care and coordinated health care services.



NJAHP Member Carriers

- Aetna
- AmeriChoice
- AMERIGROUP Community Care
- AmeriHealth
- CIGNA
- Health Net
- Horizon Blue Cross Blue Shield of New Jersey
- UnitedHealthCare/Oxford Health Plans
- University Health Plans



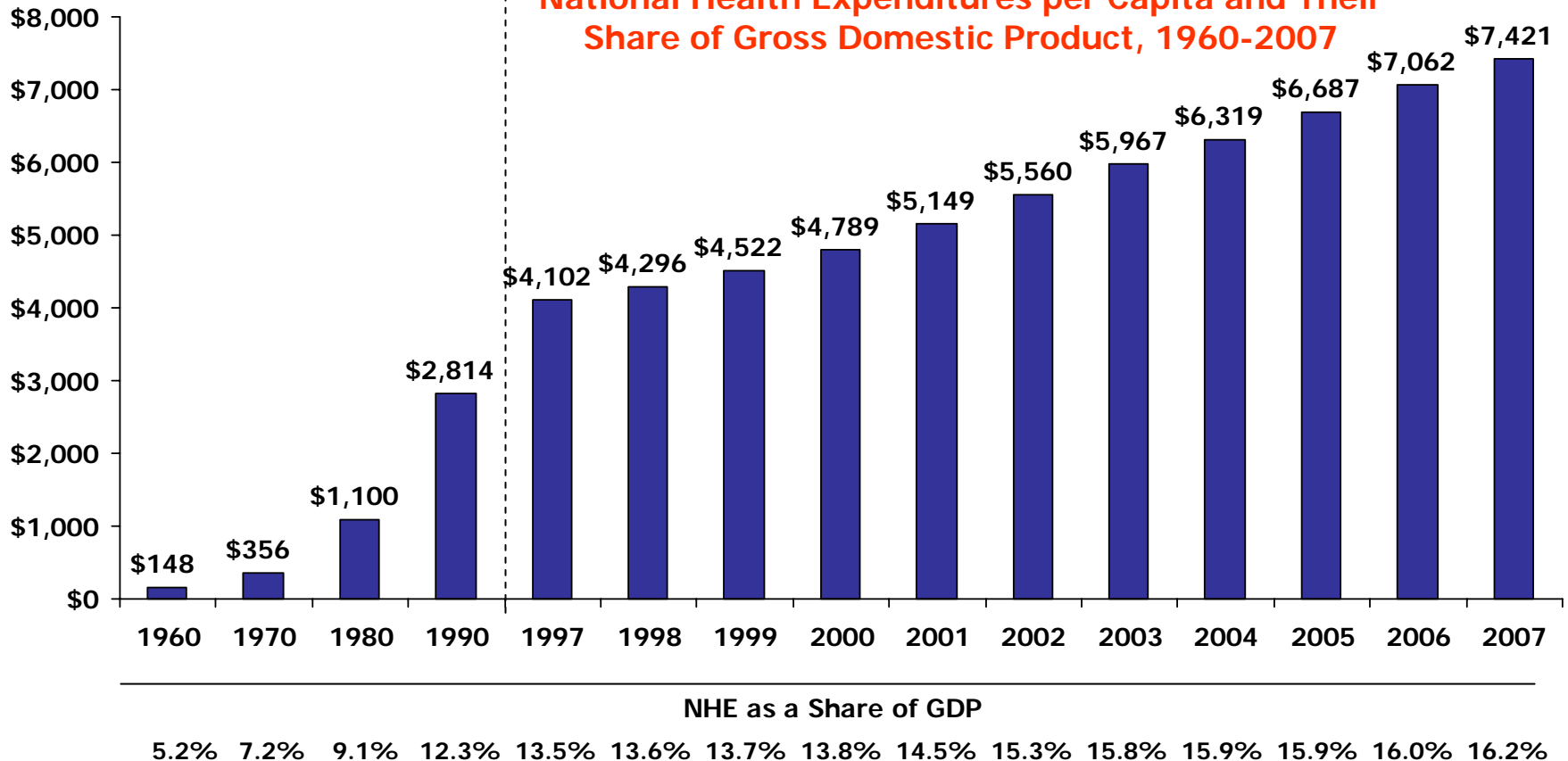
Federal Health Care Reform

“Status quo, you know, is Latin for ‘the mess we’re in.’”

– Ronald Reagan

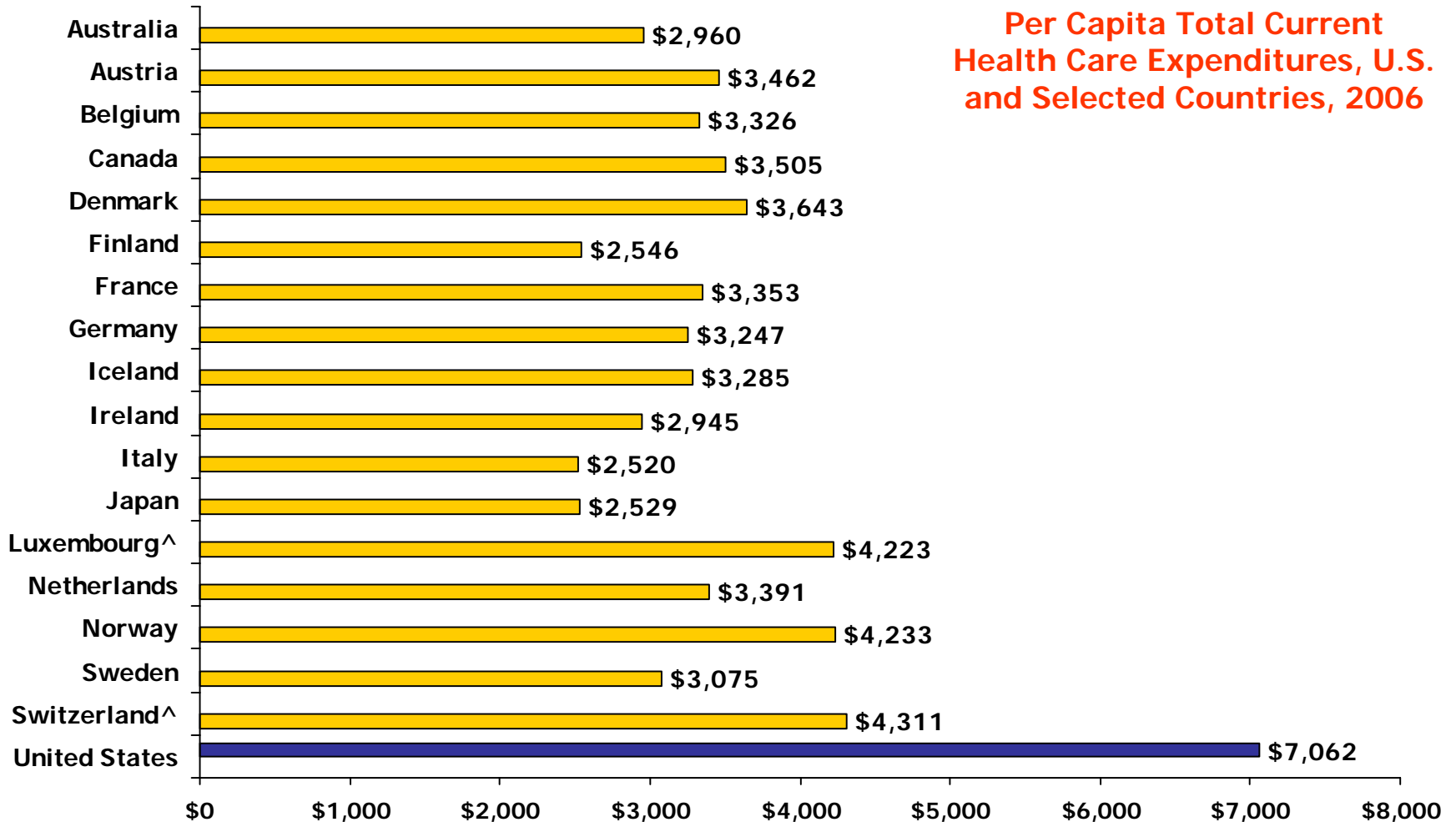
The U.S. spends 17% of GDP on Health Care

National Health Expenditures per Capita and Their Share of Gross Domestic Product, 1960-2007



Far more than any other nation

Per Capita Total Current Health Care Expenditures, U.S. and Selected Countries, 2006



www.oecd.org/std/ppp





Why is insurance so expensive?

Underlying health care costs keep growing at unsustainable rates:

- Explosive growth in technology
- Obesity rates doubled from 1980 to 2000; about 60 million adults, or 30% of the adult population, are now obese.
- Unit price problems (e.g., ASCs – \$8000 for an ear wax cleaning)



Some Features of Federal Health Reform

- Health insurance market reforms (e.g., pre-x, guarantee issue)
- Individual mandate
- Employer requirements
- Premium and cost-sharing subsidies to individuals and employers
- Expansion of public programs
- Tax changes related to health insurance and to financing health reform
- Creation of insurance pooling mechanisms
- Cost containment
- Improving quality/health system performance
- Long-term Care
- Prevention/Wellness



Legislative Health Care Reform Proposals

House:

1. Energy and Commerce

(NJ Congressman Pallone, Chair, Health Subcommittee)

2. Education and Labor

(NJ Congressman Andrews, Chair, Subcommittee on Health Employment, Labor, and Pensions)

3. Ways and Means

(NJ Congressman Pascrell on Subcommittee on Health)

Senate:

4. Finance

(NJ Senator Menendez on Subcommittee on Health)

5. Health, Education, Labor and Pensions (HELP)



House Passes Reform Bill

- 11/7/2009: House passed the “Affordable Health Care for America Act, ” 220 to 215.
- One Republican voted for the bill and 39 Democrats voted against the bill.
- The CBO estimates that the bill will cost \$1.052 trillion over ten years and will cover 36 million of the 54 million uninsured.



Senate Still Working

- Senate: Working to merge the bills passed by the Senate HELP Committee (July) & Finance Committee (October).
- Majority Leader Harry Reid (D-NV): Needs support of 60 Senators in order to defeat a filibuster and pass the bill.
- Senate: Awaiting CBO estimates for the public option, the opt-in public option, the opt-out public option, and the CO-OP option.



Issues of Debate in Senate

- Financing Provisions
- Coverage Expansion Mechanisms
- Insurance Market Reforms
- Inclusion & Structure of Public Plan
- Abortion & Immigration Provisions



Concerns with the Public Option

- The potential for significant disruption to the current health care system;
- The cost impact on physicians, hospitals, and the end-user consumer;
- The potential for dismantling employer coverage; and
- Exacerbating cost-shifting from Medicare and Medicaid.



States May Be Able to Opt-Out

- The Senate Finance Committee bill directs states to create private non-profit CO-OPs, State-based insurance exchanges, State “Basic Plan” options for those earning 133% FPL – 200% FPL, and State Medicaid expansions
- The Senate HELP bill directs states to create an insurance exchange
- The House bill that passed allows states to form CO-OPs



Could New Jersey Opt-Out?

- NJ already has guarantee issue, guarantee renewal, rating restrictions, pre-x restrictions
- NJ already has standardized policies for individual and small employers, and 35 legislative mandates for coverage
- NJ's Medicaid & SCHIP program are richer than most in the country
- NJ already has a mandate for children's coverage and college students



The Impact of Federal Reform on New Jersey?

- Too soon to tell – much of it depends on what choices are left to states
- Generally, it should reduce the 1.2 million uninsured
- A public option is likely to have negative cost impact on hospitals & providers, making private insurance contract negotiations more difficult and driving up the cost of care to the privately insured



The Impact of Federal Reform on Environmental Authorities?

- Individual mandate for coverage – will increase take-up rates for family/dependent coverage
- There are currently no specific provisions or exclusions for government employee plans such as SHBP
- The excise (“Cadillac”) tax is a 40% surtax on health-care premiums above \$8,000 for individuals and \$21,000 for families.



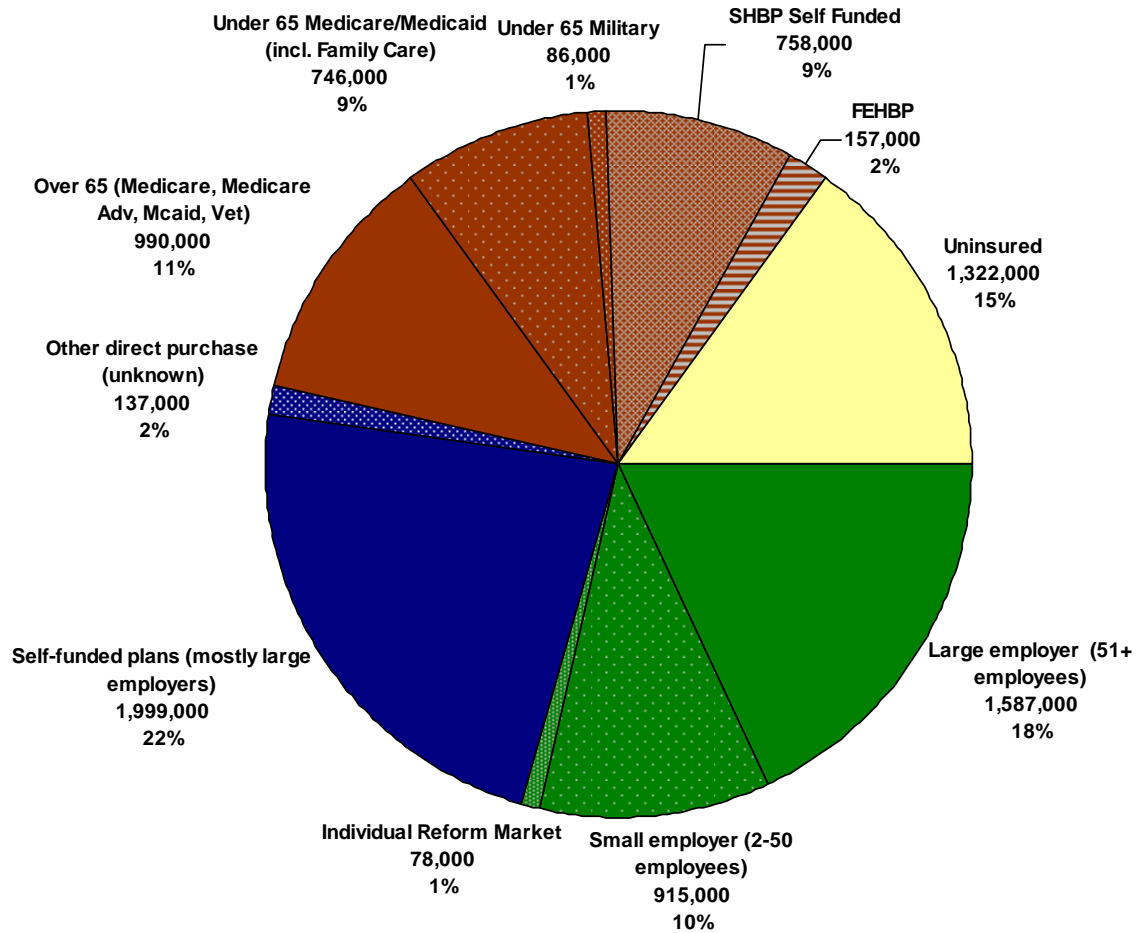
The Impact of Federal Reform on Environmental Authorities?

- House bill: Employer mandate; must contribute at least 72.5% of the premium cost for individuals and 65% for family coverage. The penalty for non-compliance is an 8% tax on payroll.
- The Senate Finance bill: No employer mandate, but it does assess groups with 50 or more employees a fee for employees who receive subsidies.
- Senate HELP bill: Employer mandate; must contribute at least 60% of the premium cost or \$750 per FTE & \$375 per PTE.

Source of Health Insurance Coverage

New Jersey Residents

2004
8,665,000



Source: NJDOBI Based on Reported Enrollment and Current Population Survey: Annual Demographic File, 2004, Bureau of the Census





QUESTIONS???

Wardell Sanders, President
wsanders@njahp.org

New Jersey Association of Health Plans
50 West State Street
Suite 1012
Trenton, NJ 08608
609-581-8237
www.njahp.org