



# Private Health Insurance for Children in New Jersey and the Affordable Care Act

*Woodrow Wilson School of Public and International Affairs  
Princeton University  
March 18, 2011*

**Joel C. Cantor, ScD  
Professor of Public Policy  
Director, Center for State Health Policy  
Rutgers University**

Grant support from the Robert Wood Johnson Foundation is gratefully acknowledged. Thanks also to CSHP colleagues Kristen Lloyd and Jose Nova for data support. Views expressed are solely those of the author.

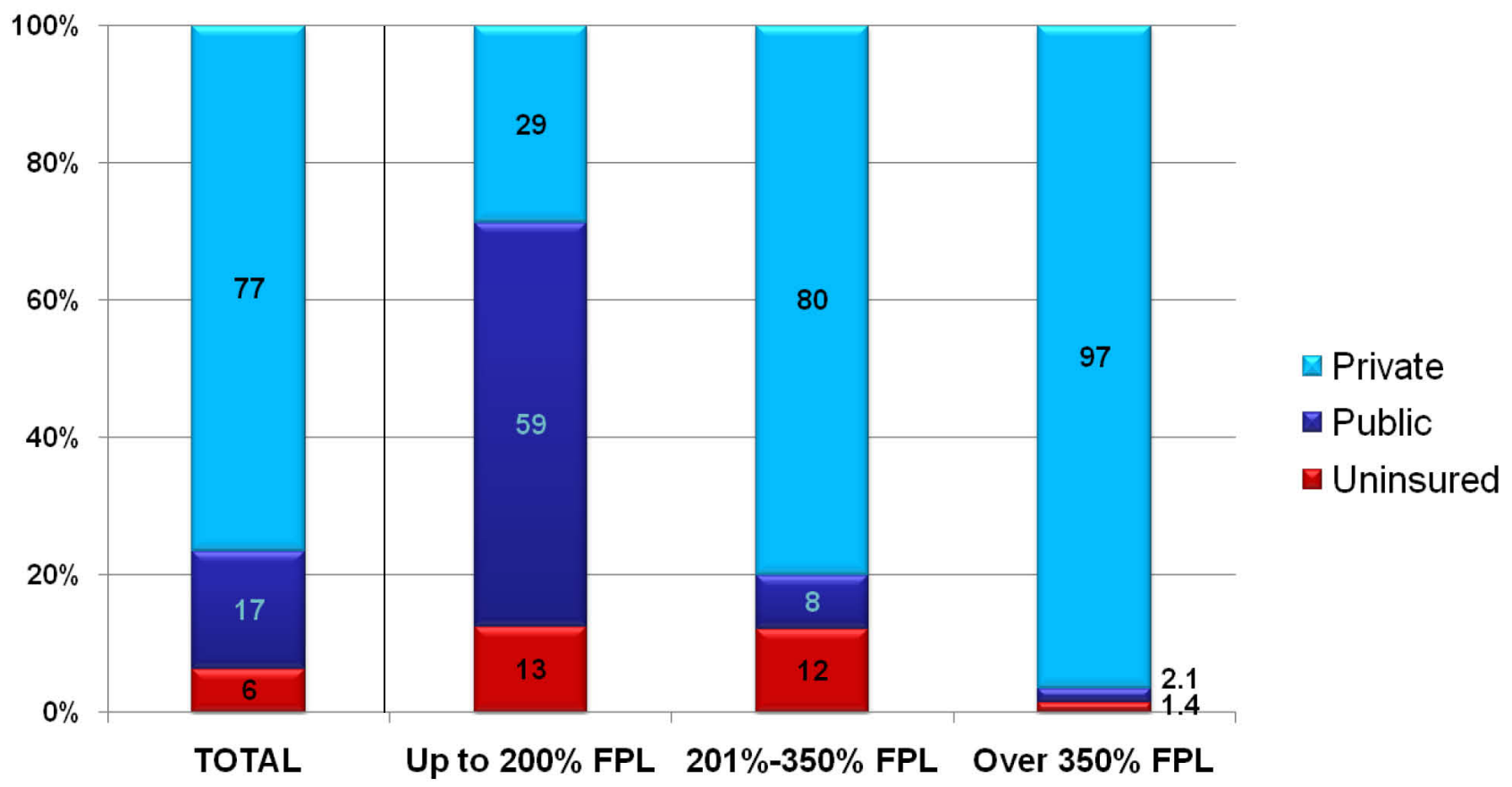
## Outline

- Private coverage in NJ before reform
- Implications of the ACA for private coverage
- Challenges ahead

## NJ Private Insurance Markets Pre-ACA

- Individual and small-group reforms (1992)
  - Guaranteed issue, community rating
  - Some plan standardization
  - “Basic and Essential” limited plan attractive to healthy young adults
  - 80% minimum loss ratio
- NJ FamilyCare Advantage full-cost buy-in for children >350% of the Federal Poverty Level (FPL) (2005)
- Young adult dependent coverage up to age 31 (2005)
  - No impact on uninsured young adults (Monheit, et al., *HSR*, 2011)
- Non-binding child coverage mandate (2008)
  - Focus on outreach, enrollment, & retention in NJ FamilyCare

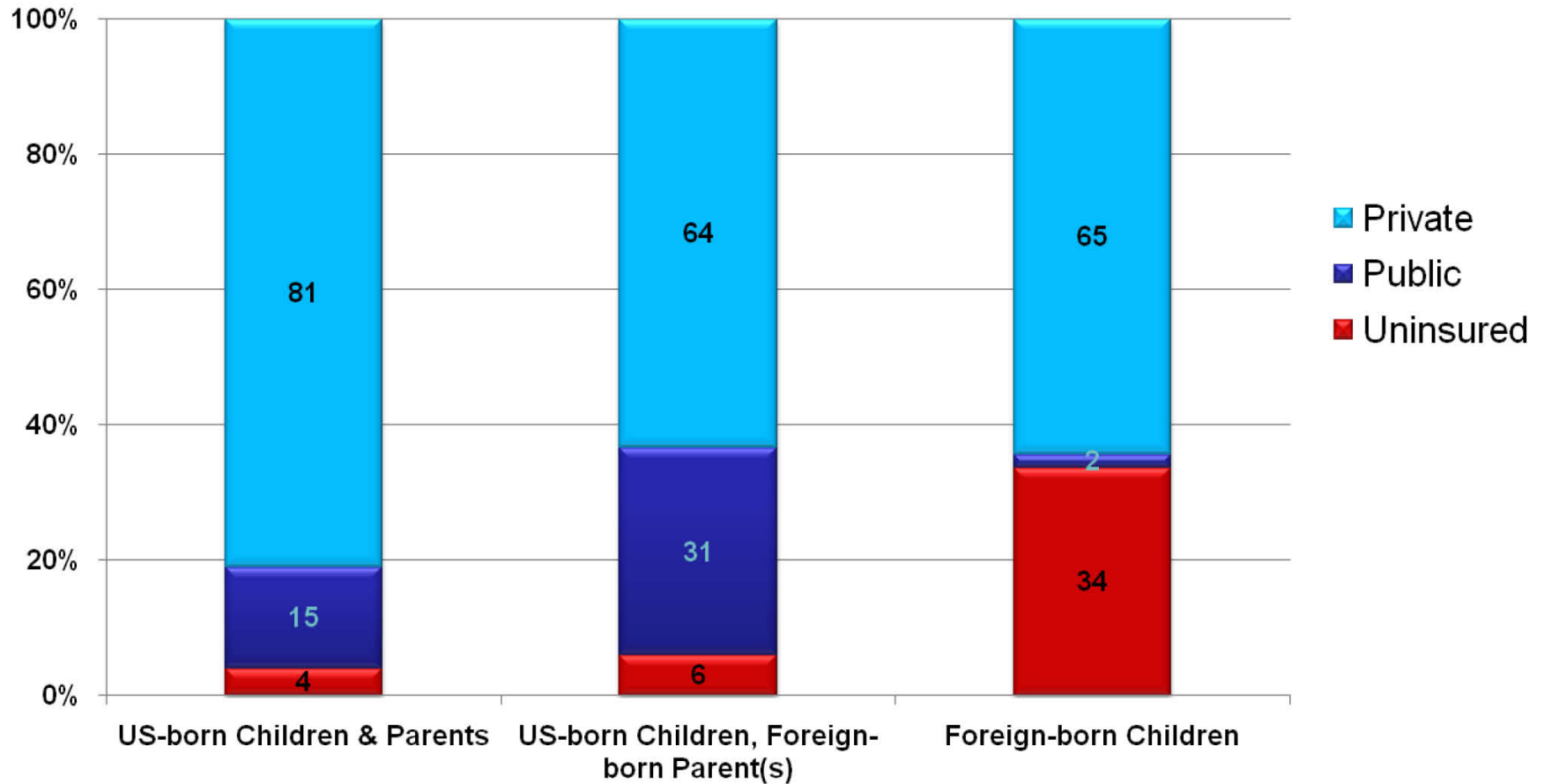
# Coverage Distribution for NJ Children by Poverty Level



Source: 2009 New Jersey Family Health Survey  
 National Health Interview Survey, 2008  
 Center for State Health Policy

Institute for Health, Health Care Policy and Aging Research

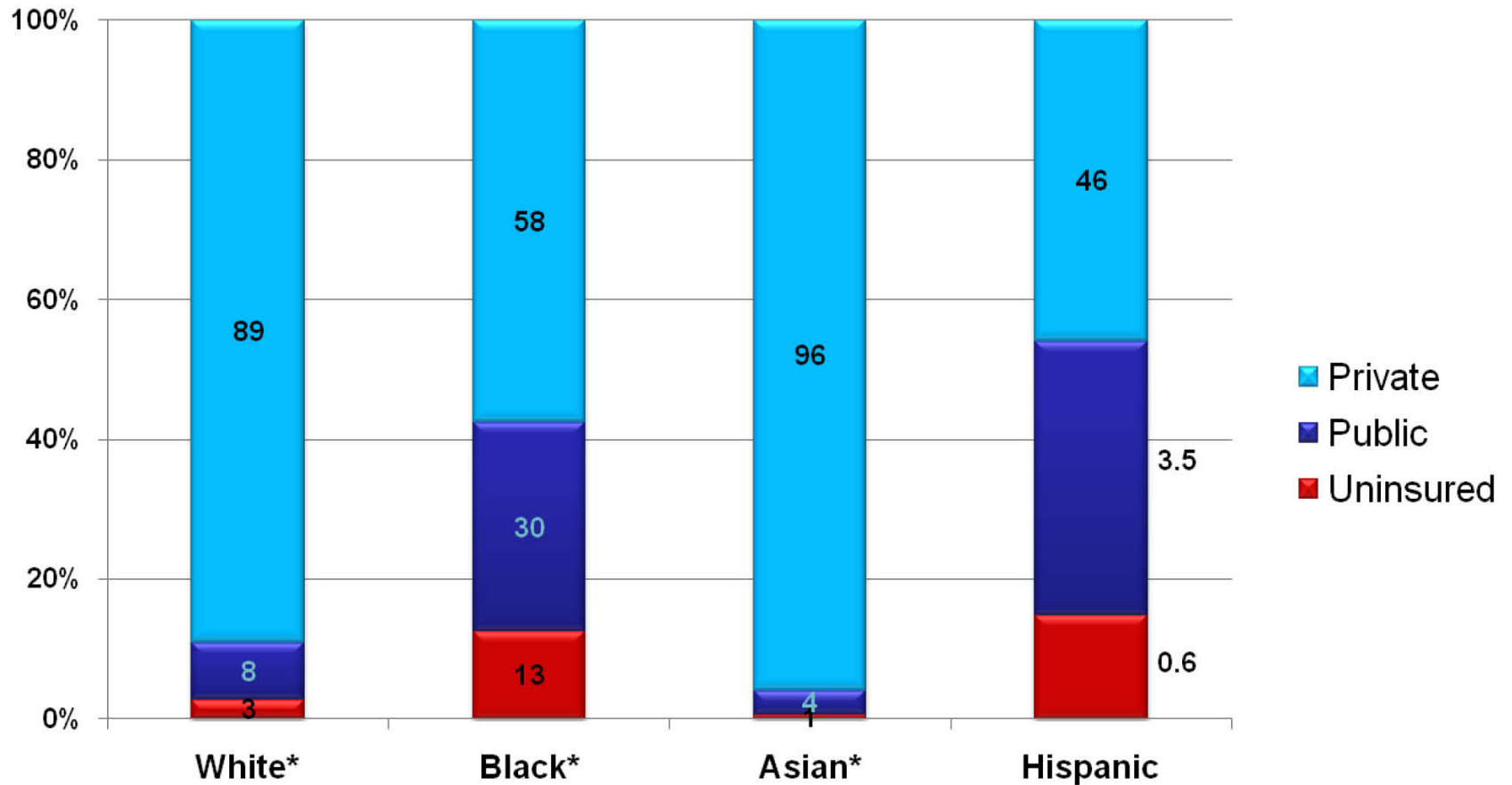
## Coverage Distribution for NJ Children by Nativity



Source: 2009 New Jersey Family Health Survey

Center for State Health Policy  
 Institute for Health, Health Care Policy and Aging Research

# Coverage Distribution for NJ Children by Race/Ethnicity



Source: 2009 New Jersey Family Health Survey

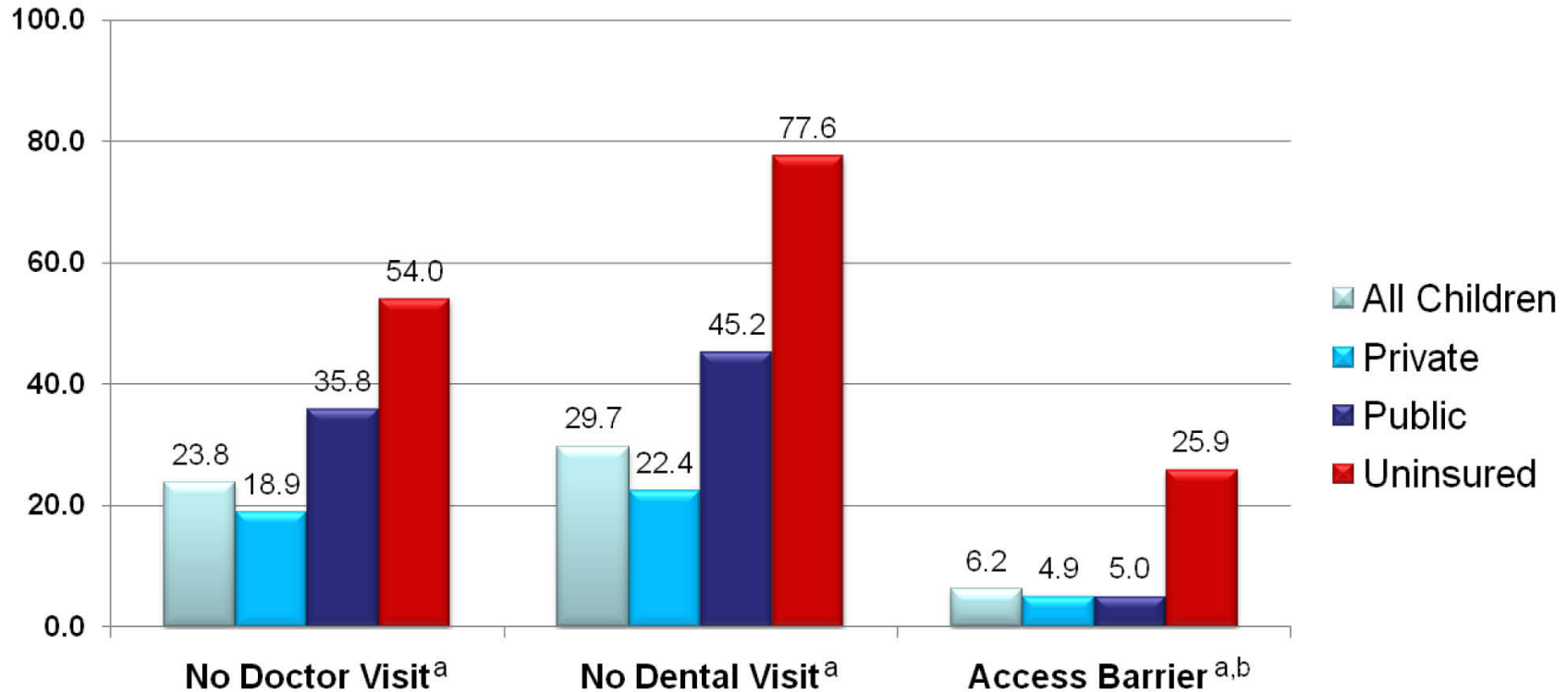
\*Non-Hispanic

Center for State Health Policy

Institute for Health, Health Care Policy and Aging Research

# Access to Care for NJ Children by Coverage Status

Percent with Problem



Source: 2009 New Jersey Family Health Survey

<sup>a</sup> Past 12 months

<sup>b</sup> Reported not receiving wanted medical/surgical, mental health, or dental care, or did not get or used less prescription medicine because of cost

Center for State Health Policy

Institute for Health, Health Care Policy and Aging Research

## How Will the ACA Affect Coverage of NJ Children?

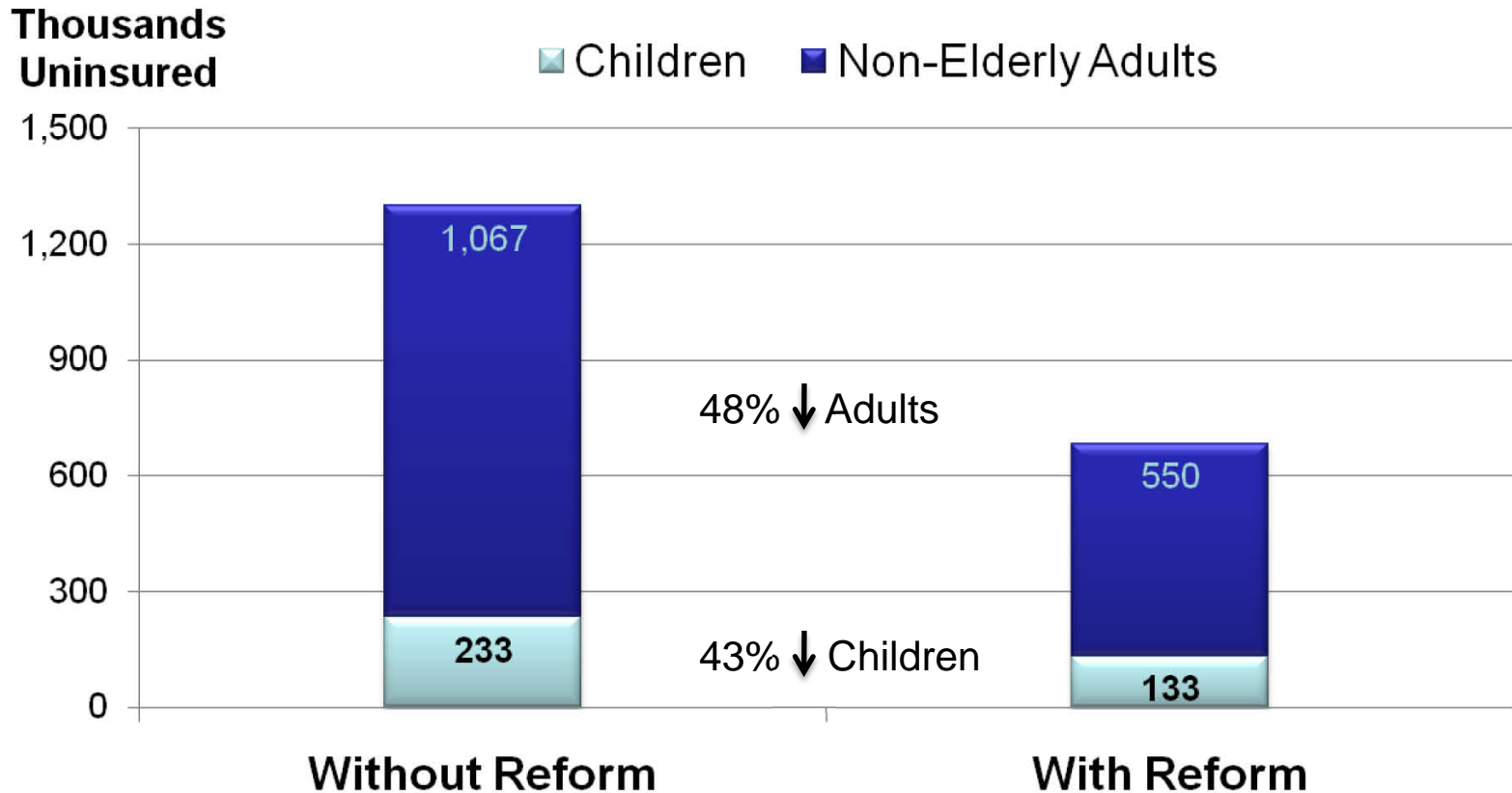
### **Now** (plan years starting 9/23/2010)

- No pre-existing condition exclusions (most plans)
- No cost sharing for some preventive services (some plans)
- Young adult dependent coverage to age 26 (all plans)
- Subsidized pre-existing condition health plan – “NJ Protect”

### **Later** (1/1/2014)

- Individual mandate (most people)
- Medicaid up to 138% FPL
- Possible end to CHIP program as early as 2016
- Exchange subsidies up to 400% FPL

# Expected Decline in Uninsured in New Jersey



Source: Urban Institute  
 Simulation of the impact of the ACA if it were fully implemented in 2011

Center for State Health Policy  
 Institute for Health, Health Care Policy and Aging Research

## Challenge #1: Take up rates

- NJ 30<sup>th</sup> in Medicaid/CHIP take up in 2008 (Kenney et al., *Health Affairs*, Sept. 2010)
  - Lowest take up among families with premium sharing
- Exemptions from individual mandate
  - Income tax non-filers
  - Affordability exemptions
  - Unauthorized immigrants
- Exchange documentation requirements
  - 22% of NJ uninsured children live with non-English speaking adult (Lynch et al., Urban Institute, Aug. 2010)
  - Many families unaccustomed to means testing

## Challenge #2: Provider supply & network adequacy

- Increased demand by newly covered
- Comparatively low primary care supply
  - 16.8 NJ versus 26.4 US Family Practitioners per 100,000 (Brownlee & Cantor, CSHP, May 2007)
  - Large geographic disparities in physician supply
- Hospital DSH cuts, timing of enrollment, hospital financial distress

## Challenge #3: Benefit mandates

- ACA essential benefit package may not include some NJ benefit mandates important to children (e.g., cochlear implants, autism treatment)
- States required to subsidize or repeal

## Challenge #4: High complexity, short timelines

- Getting the Exchange right will be hard
- Public education especially challenging in NJ
  - Cultural, linguistic diversity
  - New Jersey media markets are like “a beer barrel, tapped at both ends, with all the live beer running into Philadelphia and New York” (Benjamin Franklin, 1876)

**THANK YOU**