

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 674

STATE OF NEW JERSEY 220th LEGISLATURE

DATED: JUNE 16, 2022

SUMMARY

- Synopsis:** Establishes New Jersey Easy Enrollment Health Insurance Program.
- Type of Impact:** Potential 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 Labor and Workforce Development; Department of the Treasury; Department of Human Services.

Office of Legislative Services Estimate

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

- The Office of Legislative Services (OLS) notes that, if enacted, the bill will potentially result in an indeterminate increase in State administrative expenditures tied to the Department of Banking and Insurance's (DOBI) requirement to implement the New Jersey Easy Enrollment Health Insurance Program. Absent information from the 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 affected by the bill.
- 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 and approved eFile vendors to identify individuals and determine whether an individual is interested in obtaining minimum essential coverage;

(2) determine or assess, as feasible, 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 DOBI, in coordination with the Departments of Human Services, Labor and Workforce Development, 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 also includes several other provisions regarding eligibility assessment and determination.

The bill requires the DOBI to establish a special enrollment period for the New Jersey individual health insurance market to facilitate the objectives of the program, and to communicate this information to the public and affected individuals.

The bill also 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, and any individual claimed as a dependent on the tax return, is not covered under minimum essential coverage at the time the tax return is filed.

The bill also 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 not covered under minimum essential coverage at the time the tax return is filed. The separate form is required to include two checkoff boxes. One checkoff box is to give an individual who files a tax return the choice to have the department determine eligibility for insurance affordability assistance for the individual filing the tax return and any other individual included in that tax return who does not have minimum essential coverage, and obtain additional data that may be relevant to that determination. The other checkoff box is to allow an individual who files a tax return the choice to not have the department make that determination for the individual filing the tax return and any other individual included in the tax return who does not have minimum essential coverage.

Under the bill, the Department of the Treasury is to waive the State shared responsibility tax applicable to months of the year that the tax return is filed for any taxpayer who chooses the checkoff box indicating the taxpayer wishes the DOBI to determine the individual's eligibility for insurance affordability assistance. If the taxpayer fails to enroll in minimum essential 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.

The bill requires the Department of Labor and Workforce Development to implement a system through which an individual who has filed a claim for unemployment insurance benefits may, as part of the claim filing application, indicate that the individual is interested in obtaining minimum essential coverage and consent to participate to the sharing of relevant information collected by the Department of Labor and Workforce Development with the DOBI, and the Department of Human Services to determine whether the individual qualifies for the State Medicaid program or the NJ FamilyCare Program, or any other insurance affordability assistance and to support minimum essential coverage outreach and enrollment efforts.

The bill takes effect immediately and applies to tax returns filed for taxable years beginning after December 31, 2022, unless the State Treasurer determines, after consultation with the DOBI, that the implementation of the certain provisions of the bill is not administratively feasible for taxable years beginning after December 31, 2022, in which case the Treasurer may delay implementation to begin as soon as feasible thereafter.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS notes that the bill, if enacted, will potentially result in an indeterminate increase in State administrative expenditures tied to the DOBI's implementation of the program. Absent information from the DOBI, however, the OLS cannot anticipate the resources, if any, the DOBI 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 would encourage, facilitate, and streamline determination of eligibility for insurance affordability assistance and enrollment in minimum essential coverage by the departments.

The OLS further notes that, if enacted, the bill may result in 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 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. The "Supplementary Information" section in the FY 2023 Governor's Budget, available online, indicates that the total estimated revenue from the State shared responsibility tax for fiscal years 2022 and 2023 will be \$44.6 million for each year. For purposes of illustration, the following were ranges of the State shared responsibility tax payments collected for the 2021 tax year:

Individual taxpayer:

- Minimum: \$695
- Maximum: \$3,492

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

- Minimum: \$2,351

- Maximum: \$4,500

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: \$17,460

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.).