

**LEGISLATIVE FISCAL ESTIMATE**  
[Second Reprint]  
**ASSEMBLY COMMITTEE SUBSTITUTE FOR**  
**ASSEMBLY, No. 4294**  
**STATE OF NEW JERSEY**  
**220th LEGISLATURE**

DATED: JUNE 29, 2023

**SUMMARY**

**Synopsis:** Requires DOBI to conduct study on impact of certain changes to individual and small group health insurance markets.

**Type of Impact:** One-time State Expenditure Increase, General Fund.

**Agencies Affected:** Department of Banking and Insurance.

**Office of Legislative Services Estimate**

<b>One-Time Fiscal Impact</b>	
<b>State Expenditure Increase</b>	Up to \$500,000

- The Office of Legislative Services (OLS) estimates that the bill will result in a one-time expenditure increase of up to \$500,000 to the Department of Banking and Insurance due to increases to the department's workload. The one-time expenditure increase will be realized as the bill requires a one-time study and the subsequent issuance of a report concerning the potential impact of the merger of the individual and small group health insurance markets, the costs and benefits of creating a small employer health insurance subsidy and other affordability measures, the adjustment of the age rating band in the small group market, and other policies that could contribute to stabilizing the small employer health insurance market.
- The bill appropriates \$500,000 to the department to implement the provisions of the bill.

**BILL DESCRIPTION**

This bill requires the Department of Banking and Insurance to conduct a study of:  
(1) the potential impact on the New Jersey Individual Health Coverage Program and the New Jersey Small Employer Health Benefits Program of pursuing an amendment to the waiver of

applicable provisions of the Affordable Care Act in order to merge the individual and small group markets and the availability and impact of extending reinsurance to small businesses purchasing health insurance through the pooled market;

(2) the costs and benefits of creating a small employer health insurance subsidy, and other affordability measures as deemed appropriate by the department, and sustainable funding sources for that subsidy and those measures, including consideration of the size of an effective and meaningful subsidy, an analysis of available sustainable funding sources, including an examination of the establishment of an assessment on other lines of insurance, the size of any such assessment, and how best to administer both the subsidy and a potential assessment;

(3) the actuarial impact that increasing the age rating ratio in the New Jersey Small Employer Health Benefits Program from 2:1 to various ranges up to 3:1. The department shall specifically examine the impact of any increase of the age rating ratio on consumers and overall premiums in the small group market, as well as any impact on market viability, competitiveness, enrollment, and any other factors that the department finds necessary. Additionally, the study shall examine the effect of geographic region ratings on premiums and whether it would be in the best interests of the small group market's viability and employers and employees to retain or eliminate this factor. The study shall include recommendations to the Legislature to support the health of the small group market and its eligible enrollees; and

(4) other policies that could contribute to stabilizing the small employer health insurance market.

The bill authorizes the Department of Banking and Insurance to: request directly from any other department or agency of State government information or data that may be needed to conduct the study; request from any carrier participating in the Small Employer Health Benefits Program and Individual Health Coverage Program data necessary to conduct the study; and, engage the services of experts and consultants to assist with the preparation of the study. The bill appropriates \$500,000 to the department to carry out the provisions of the bill.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

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*Legislative Budget and Finance Officer*

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.).