

**LEGISLATIVE FISCAL ESTIMATE**  
[First Reprint]  
**SENATE COMMITTEE SUBSTITUTE FOR**  
**SENATE, No. 2824**  
**STATE OF NEW JERSEY**  
**220th LEGISLATURE**

DATED: MARCH 27, 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>	At least \$120,000

- The Office of Legislative Services (OLS) estimates that the bill will result in a one-time expenditure increase of at least \$120,000 to the Department of Banking and Insurance due to increases to the department's workload. The one-time expenditure 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.
- If staff hours used for the study and report writing were to be equivalent to one full-time equivalent employee for the maximum one-year timeline, the salary and fringe benefit costs for the single full-time equivalent employee would total around \$120,000. The OLS notes, however, that additional full-time equivalent employee resources may be necessary to complete the study and issue the required report and that outside experts or consultants may be hired, as permitted by 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 engage the services of experts and consultants to assist with the preparation of the study.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

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

The OLS estimates that the bill will result in a one-time State expenditure increase of at least \$120,000. The OLS notes that if staff hours used for the study and report writing were to be equivalent to one full-time equivalent employee for the maximum one-year timeline, the salary and fringe benefit costs for the single full-time equivalent employee would total around \$120,000. Any additional full-time equivalent resources needed to complete the study and issue the required report would result in this cost estimate being revised upwards. The OLS further notes that if the department hires experts or consultants to assist departmental staff in the preparation of the study, the cost estimate would increase further.

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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.).