

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 2550

STATE OF NEW JERSEY

222nd LEGISLATURE

DATED: JULY 1, 2026

SUMMARY

Synopsis:	Requires continuation of health benefits dependent coverage for certain children with disabilities who are 26 years of age or older.
Type of Impact:	Annual expenditure increase for certain local governments and school districts; annual State expenditure and revenue decreases.
Agencies Affected:	Certain local governments and school districts; Department of Human Services; Department of Banking and Insurance.

Office of Legislative Services Estimate	
Fiscal Impact	Annual
State Expenditure Decrease	Indeterminate
State Revenue Decrease (Federal Funds)	Indeterminate
Local Expenditure Increase	Indeterminate

- The Office of Legislative Services (OLS) concludes that permitting certain dependent adult children to receive healthcare coverage indefinitely through a parent’s insurance plan will result in indeterminate cost increases to local government and school district employers that provide health insurance coverage for such dependents through private insurers. Moreover, this additional coverage required under the bill may affect the cost of future contracts between local governments and private health insurers.
- The OLS also finds that the State will realize indeterminate reductions in Medicaid expenditures to the extent that adult dependent children elect to continue healthcare coverage under a parent’s insurance plan in addition to, or in lieu of, enrolling in NJ FamilyCare, the State’s Medicaid program. These reduced State Medicaid expenditures would also reduce the amount of State revenue received from associated federal Medicaid cost reimbursements.
- The OLS further finds that additional, indeterminate State savings will result from some adult children electing to continue healthcare coverage under a parent’s insurance plan rather than enrolling in State-based marketplace coverage, thereby reducing State expenditures on premium subsidies for marketplace coverage.



BILL DESCRIPTION

This bill requires health insurers and group health plans that provide dependent coverage to continue to make that coverage available to adult children who are age 26 or older if: the adult child is incapable of self-sustaining employment by reason of physical or intellectual disability; the adult child is reliant on the plan subscriber for support and maintenance; the child's condition started before the child reached the contract's or policy's age limit; and the child became insured by the contract or policy before the child reached the dependent age limit and stayed continuously insured thereafter. The bill also provides that, if an insurance contract or policy is replacing another health benefits plan that previously covered an adult child incapable of self-sustaining employment due to physical or intellectual disability, the contract or policy must offer dependent coverage to the child.

Current State law permits such dependents to receive healthcare coverage through the plan subscriber's insurance until the dependent reaches age 31.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that permitting certain dependent adult children with disabilities to receive healthcare coverage indefinitely through a parent's insurance plan will result in indeterminate cost increases to local government and school district employers that provide health insurance coverage for such dependents through private insurers. Moreover, this additional coverage required under the bill may affect the cost of future contracts between local governments and private health insurers. Due to insufficient data, the OLS cannot estimate the number of eligible adults with disabilities likely to continue receiving coverage under their parents' insurance or the aggregate increase in premiums or other costs likely to be incurred by local governments and school districts.

At present, many of the adult children affected by the bill are likely enrolled in NJ FamilyCare, the State's Medicaid program, due to receiving Supplemental Security Income benefits for persons with disabilities (which confer automatic Medicaid eligibility) or by otherwise having monthly incomes below the program's eligibility thresholds. Under the bill, some affected adults may choose to continue receiving healthcare coverage via a parent's insurance while remaining enrolled in NJ FamilyCare, which would become a secondary payer for services not fully reimbursed by the parent's insurance; other adults may continue their health coverage under a parent's insurance in lieu of enrolling in NJ FamilyCare.

In either case, these shifts would reduce State Medicaid expenditures on coverage and services for the affected adults while also reducing the amount of State revenue received from associated federal Medicaid reimbursements. These impacts would likely persist under the federal One Big Beautiful Bill Act since most NJ FamilyCare members with disabilities are expected to remain eligible for the program due to exemptions from new Medicaid eligibility rules that begin in January 2027. Based on available data, however, the OLS cannot estimate how many adult NJ

FamilyCare members with disabilities have parents with private insurance, those members' likely enrollment in private coverage under the bill (including any differential impact on NJ FamilyCare members who are dually eligible for Medicare as "disabled adult children" of Social Security beneficiaries), potential State savings due to any reductions in NJ FamilyCare enrollment, or other expected cost-shifting from NJ FamilyCare to private insurance for individuals who dually enroll in both forms of coverage.

Finally, the OLS notes that some affected adults who do not qualify for NJ FamilyCare due to income, immigration status, or other factors may currently purchase health insurance via Get Covered New Jersey, the State-based health insurance marketplace. This marketplace coverage is subsidized for eligible enrollees by a combination of federally funded premium tax credits, federal cost-sharing reductions, and additional State premium subsidies. To the extent that some affected adults elect to continue their healthcare coverage under a parent's insurance plan rather than enroll in State-based marketplace coverage, the State's Health Insurance Affordability Fund would realize savings due to these individuals no longer receiving State premium subsidies for marketplace coverage. The OLS has insufficient data to estimate the number of these adults who are likely to substitute a parent's insurance for marketplace coverage and the potential State savings that would result.

Section: State Government

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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.).