

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

[Second Reprint]
ASSEMBLY, No. 2550

STATE OF NEW JERSEY

DATED: JUNE 28, 2026

The Assembly Budget Committee reports favorably Assembly Bill No. 2550 (2R).

As reported, this bill requires health insurers (health, hospital and medical service corporations, commercial group health insurers; health maintenance organizations, and health benefits plans issued pursuant to the Individual Health Coverage Program and the Small Employer Health Benefits Program) and group health plans that provide dependent coverage of children to continue to make that coverage available for adult children who are 26 years of age or older if:

(1) the child is incapable of self-sustaining employment by reason of physical or intellectual disability; and

(2) the child is chiefly dependent upon the subscriber for support and maintenance

(3) the child's condition started before the child reached the contract's age limit; and

(4) the child became insured by the contract before the child reached the dependent age limit and stayed continuously insured after reaching that limit.

The bill provides that, if an insurance contract or policy is replacing another health benefits plan, and an adult child incapable of self-sustaining employment by reason of physical or intellectual disability was covered under the prior plan, the contract or policy must offer dependent coverage to the child.

FISCAL IMPACT:

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 Medicare 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 expenditure on premium subsidies for marketplace coverage.