

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 1796

STATE OF NEW JERSEY

222nd LEGISLATURE

DATED: JUNE 2, 2026

SUMMARY

- Synopsis:** Expands requirements for health insurance carriers concerning prostate cancer screening and requires coverage be provided without cost sharing.
- Type of Impact:** Annual State and local expenditure increases.
- Agencies Affected:** Division of Pensions and Benefits in the Department of the Treasury; certain local governments and school districts.

Office of Legislative Services Estimate

Fiscal Impact	Annual
State Expenditure Increase for SHBP	Indeterminate
Local Expenditure Increase for SHBP/SEHBP	Indeterminate
Local Expenditure Increase for Private Market Insurance	Indeterminate

- The Office of Legislative Services (OLS) finds that the bill will result in an indeterminate annual increase in State and local expenditures resulting from increases in the cost of health benefit plans. The bill eliminates cost-sharing for all prostate cancer screening procedures covered by these plans and potentially expands the types of diagnostic testing covered.
- This bill will apply to the State as well as local government employers that participate in the State Health Benefits Program (SHBP) and to school districts that participate in the School Employees’ Health Benefits Program (SEHBP). It will also apply to those local government and school district employers that elect private health benefit plans outside of the State programs.
- There is the potential for annual State and local cost savings if the bill’s provisions were to cause positive health outcomes that reduce future treatment costs.

BILL DESCRIPTION

The bill requires the SHBP and SEHBP, health, hospital, and medical service corporations, health maintenance organizations, and commercial group health insurers to provide coverage for

an annual prostate cancer screening without cost sharing in accordance with the latest nationally recognized clinical practice guidelines. The bill also extends the prostate cancer screening requirements to commercial individual health insurers and health benefits plans issued pursuant to the New Jersey Individual Health Coverage and Small Employer Health Benefits Programs. Nationally recognized clinical practice guidelines are defined as evidence-based clinical practice guidelines, developed by independent organizations or medical professional societies using a transparent methodology and reporting structure, which set standards of care informed by a systematic review of evidence and include recommendations to optimize patient care.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that the bill will result in an indeterminate annual increase in State and local expenditures resulting from increases in the cost of health benefits plan coverage for public employees. The actual cost increase to the State and participating local employers under the SHBP and SEHBP will depend on the number of covered persons who utilize prostate cancer screening and the negotiated cost of those screenings among the State, the State's third-party health benefit administrators, and various providers of the screenings. The cost increase will also apply to those local government and school district employers that elect private health insurance plans outside of the State programs.

The primary driver of the increased costs is likely to be the elimination of cost sharing for prostate cancer screening. New Jersey law currently requires specified carriers to cover prostate screenings, defined as a prostate-specific antigen (PSA) test, digital rectal exam (DRE), and associated lab work based on age and risk factors. The bill prohibits cost-sharing for prostate screenings and would remove the age and risk-based restrictions and instead implement nationally recognized clinical practice guidelines for prostate screening. To the extent nationally recognized clinical practice guidelines do not align with current requirements for prostate screening coverage under State and federal law, the adoption of the nationally recognized clinical practice guidelines could expand coverage requirements and lead to increased costs.

The Mandated Health Benefits Advisory Commission has completed an analysis of the original bill's provisions, and this analysis includes a comparison of the projected impact from several states that have enacted similar prostate screening legislation. Tennessee, Maryland, and Kentucky provided fiscal estimates on the impact of the prostate screening mandates, and the OLS was able to reference those estimates to support this fiscal estimate. In addition, the commission report notes that the purpose of the expanded coverage mandate is to improve early detection and treatment of prostate cancer and thereby improve overall health outcomes and reduce costs. However, there are other studies that note that the proportion of false positives and false negatives in the screening tools reveal potential shortcomings in the testing methodologies. In short, the academic support for reducing restrictions on prostate cancer screenings is not universal.

The commission analysis cites a report from the Maryland Department of Legislative Services which concludes that the Maryland law, which mandates PSA and DRE requirements for men aged 40 to 75, would have only a minimal impact on State employee and retiree health plans, while the

Maryland Health Care Commission estimated that the bill would have a minimal effect of less than \$1.00 per year per policy at the State level.

The Tennessee Fiscal Review Committee analyzed the impact of eliminating cost-sharing provisions for PSA and DRE tests and estimated that there would not be a fiscal impact on the State Group Insurance program.

The Kentucky Department of Insurance also examined several plan types and concluded that fully insured commercial plans would not see a material increase in either premiums or administrative costs from the expansion of mandated prostate screening benefits.

In comparison to the referenced prostate screening legislation in other states, the New Jersey bill is potentially more extensive in terms of which mandated procedures are covered. Combining these additional covered procedures with the removal of cost-sharing could lead to additional participation in certain testing and increase costs at a higher marginal rate in New Jersey in comparison to other states. While evidence demonstrates that current cost-sharing requirements are not a significant barrier to these screenings, the removal of cost-sharing will likely result in an increase in spending on health benefit plans. A countervailing aspect of the potential cost increases is that the relevant impacted population is men between the ages of 40 to 65—a population segment that has a high participation in health benefit plans which already contain low cost-sharing features for PSA and DRE testing. It is also assumed that the vast majority of men over 65 are enrolled in a Medicare plan, which would further eliminate any State or local spending requirements on the spectrum of diagnostic testing covered in the bill.

There are no accurate estimates on the annual number of procedures that fall within the nationally recognized clinical practice guidelines specified by this bill; however, prostate-related urinalysis and serum biomarker exams will be less prevalent than the PSA/DRE exam numbers since these are secondary tests that would only be ordered if there are abnormal results from the initial examinations. Similarly, the MRI and other related imaging are additional diagnostics that would only be required based on the results of a series of preliminary tests. The additional fiscal impact would be dependent on the number of each test in the array currently conducted, the level of coinsurance currently required, any increased utilization of these tests, the proportion of enrollees in a high-deductible plan, the regulatory interpretation of the nationally recognized clinical practice guidelines, and the potential premium increases resulting from the reduction in coinsurance. The OLS lacks the informational basis to accurately estimate the actual increase in insurance costs at the State and local level.

Section: Commerce, Labor and Industry
Analyst: John Gaudio
Associate Fiscal Analyst
Approved: Thomas Koenig
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.).