LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 3502

STATE OF NEW JERSEY
222nd LEGISLATURE

DATED: JUNE 18, 2026

SUMMARY

Synopsis: Requires health insurance and Medicaid coverage for treatment of stuttering.

Type of Impact: Annual State expenditure and revenue increases; annual expenditure increase for certain local government units and school districts.

Agencies Affected: Division of Pensions and Benefits, Department of the Treasury; Department of Human Services; certain local government units and school districts.

Office of Legislative Services Estimate	
Fiscal Impact	**Annual**
Potential State Expenditure Increase	Indeterminate
Potential State Revenue Increase	Indeterminate
Potential Local Expenditure Increase	Indeterminate

- The Office of Legislative Services (OLS) finds that requiring the State Health Benefits Program, the School Employees' Health Benefits Program, and the State Medicaid Program to provide coverage for the treatment of stuttering, including habilitative and rehabilitative speech therapy may result in annual indeterminate expenditure increases to the State and participating local government employers.

- The actual cost increase to the State and participating local government units will depend on the number of covered persons who seek coverage for habilitative and rehabilitative speech therapy through employer or State-sponsored health insurance, the frequency of the services requested, any precertification or utilization management requirements imposed by the programs, and the allowable rates negotiated between the State's third-party medical contract administrators for the State Health Benefits Program and the School Employees' Health Benefits Program, Horizon and Aetna, the Managed Care Organizations (MCOs) that run the plans in which the majority of NJ Medicaid beneficiaries are enrolled, and various providers and their respective networks.

- Any increase in State expenditures under the NJ FamilyCare program will be eligible for additional federal Medicaid reimbursements, thereby increasing State revenues, albeit by an indeterminate amount.

BILL DESCRIPTION

This bill requires health insurers, including the State Health Benefits Program, the School Employees' Health Benefits Program, and the State Medicaid Program to provide coverage for medical expenses incurred in the treatment of stuttering, including habilitative and rehabilitative speech therapy. Benefits are to be provided to the same extent as for any other service, device, procedure, or product. Under the bill, coverage for treatment is required whether services are delivered in-person or through telemedicine.

The State Health Benefits Program and School Employees' Health Benefits Program currently provide coverage for habilitative speech therapy for persons with autism or pervasive development disorder. The programs also provide coverage for rehabilitative speech therapy to restore or improve speech after a stroke or other traumatic event or corrective surgery. Such services require pre-certification and are covered at 100 percent when delivered in-network and between 60 and 80 percent when delivered out-of-network. There is no difference in coverage between services delivered in-person and services delivered through telemedicine.

The contract between the State and the Medicaid MCOs does not address medical treatments for stuttering, but the member handbooks issued by each of the Medicaid MCOs for CY 2025 list speech/language pathology or speech/language therapy as among the covered outpatient rehabilitation services, although certain Medicaid beneficiaries will be limited to 60 days of therapy services per calendar year. Horizon NJ Health's speech therapy utilization management policy for Medicaid enrollees stipulates that speech therapy services require a prescription by a primary care provider or a specialist, and must be medically necessary. Additionally, the Horizon policy limits speech therapy services for stuttering to those enrollees whose stuttering is associated with a congenital craniofacial anomaly, a specific illness, or injury.

In addition, as part of compliance with the federal Individuals with Disabilities Education Act, the State of New Jersey requires all boards of education to provide a free, appropriate public education to all students between ages three and 21, including students with disabilities who require special education and related services, regardless of whether the student is enrolled in public school. Such free educational services include habilitative speech therapy if a certified speech language pathologist finds that a speech related disability adversely impacts a student's educational performance.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that requiring the State Health Benefits Program, the School Employees' Health Benefits Program, and the State Medicaid Program to provide coverage for the treatment of

stuttering, including habilitative and rehabilitative speech therapy, may result in annual indeterminate expenditure increases to the State and participating local government employers.

Because greater than 95 percent of NJ Medicaid beneficiaries are enrolled in one of the State's five Medicaid managed care plans, and the provider reimbursement rates negotiated by these MCOs are proprietary, the OLS lacks the informational basis to determine how the bill's provisions would affect costs under the State Medicaid program.

The provider reimbursement rates negotiated between the State's third-party medical contract administrators for the State Health Benefits Program and the School Employees' Health Benefits Program, Horizon and Aetna, and various providers and their respective networks, are also proprietary.

Because the State already provides habilitative speech therapy to certain children between ages three and 21, as part of compliance with the federal Individuals with Disabilities Education Act, the uptake of treatment in private non-educational settings billed to the State Health Benefits Program, the School Employees' Health Benefits Program, and the State Medicaid Program may be less than the number of children who require these services and receive healthcare coverage under the programs.

The actual cost increase to the State and participating local governments will depend on the number of covered persons who seek coverage for habilitative and rehabilitative speech therapy through employer or State-sponsored health insurance, the frequency of the services requested, any precertification or utilization management requirements imposed by the programs, and the allowable rates negotiated between the State's third-party medical contract administrators for the State Health Benefits Program and the School Employees' Health Benefits Program, Horizon and Aetna, the MCOs that run the plans in which the majority of NJ Medicaid beneficiaries are enrolled, and various providers and their respective networks.

The OLS does not have access to this information to determine the actual costs resulting from the provisions of this bill. However, the OLS notes that the hourly rate for speech therapy services provided through the NJ Department of Health's Early Intervention System Program, which provides services, including habilitative speech therapy to certain children from birth to age three, is approximately $123 per hour. A national survey of health care claims across different market segments conducted by Milliman in 2020 found that the nationwide allowable amount per service for speech therapy billing codes was $50.19 for commercial large group employers, which is a comparable market segment to the State Health Benefits Program and School Employees' Health Benefits Program. The survey found that the nationwide allowable amount per service was $34.23 for Medicaid.

The OLS notes that an increase in State expenditures under the NJ FamilyCare program will be eligible for additional federal Medicaid reimbursements, thereby increasing State revenues, albeit by an indeterminate amount.

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.).