

New Jersey Governor's Office of Health Care Affordability and Transparency



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Agenda

- Prioritizing Health Care Affordability
- The Murphy Administration's Efforts
- The Office of Health Care Affordability & Transparency
 - Healthcare Affordability, Responsibility, & Transparency (HART) Program
 - Prescription Drug Pricing and Affordability Efforts
 - Medical Debt Initiatives

High Health Care Costs Are Straining New Jerseyans' Budgets—and Our State Resources

More than half of all New Jerseyans have delayed or skipped care due to cost.

Many New Jerseyans are worried about their ability to afford health care. 85% worry about affording health care in the future.

From 2001-2019, premiums grew twice as fast as incomes.

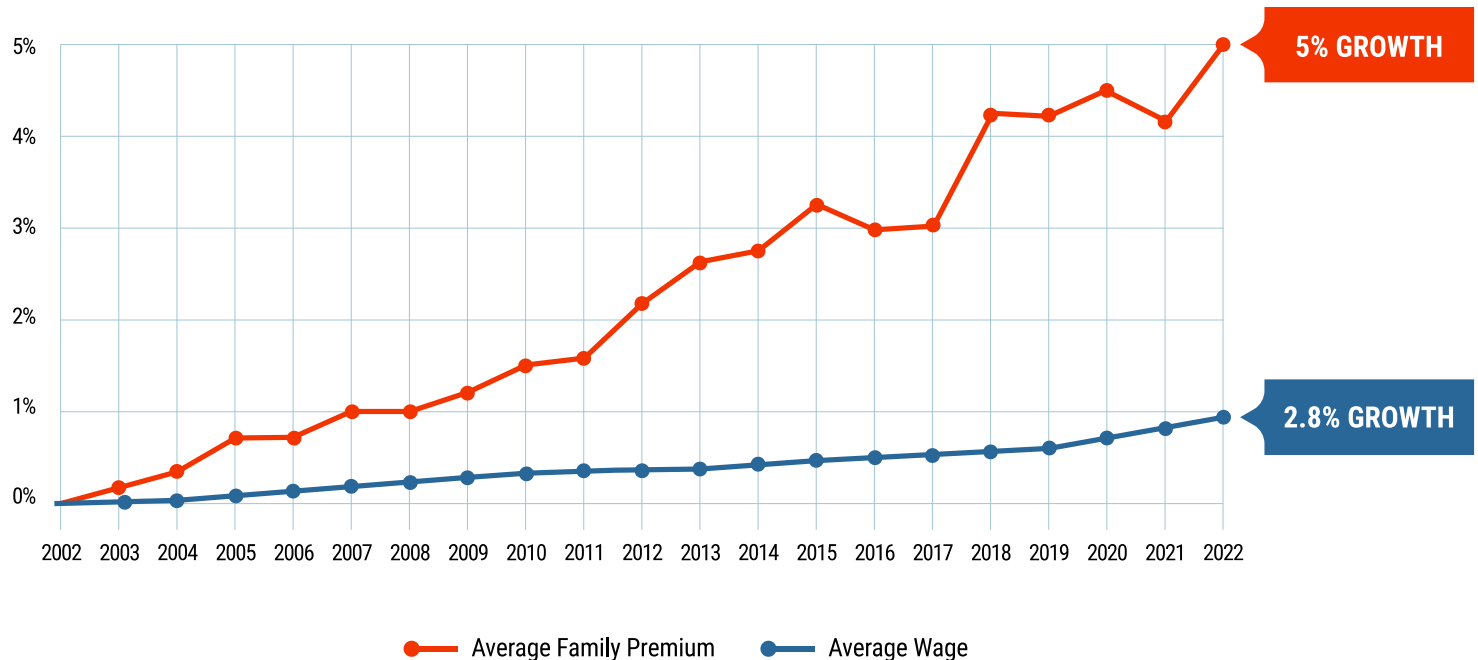
New Jerseyans Are Struggling to Afford Health Care Coverage and Services

- Health care costs in New Jersey are growing faster than incomes
- High health care costs are straining NJ employers' budgets
- Cost growth is unlikely to abate

Rapidly rising health care costs are taking a huge bite out of New Jersey households' budgets.

From 2000-2022, premiums grew nearly twice as fast as incomes.

Average Family Premiums and Wages in New Jersey, 2002 -2022



Note: 2007 data were not collected for the Insurance Component.

--Data suppressed due to high standard errors or few reported values in cell.

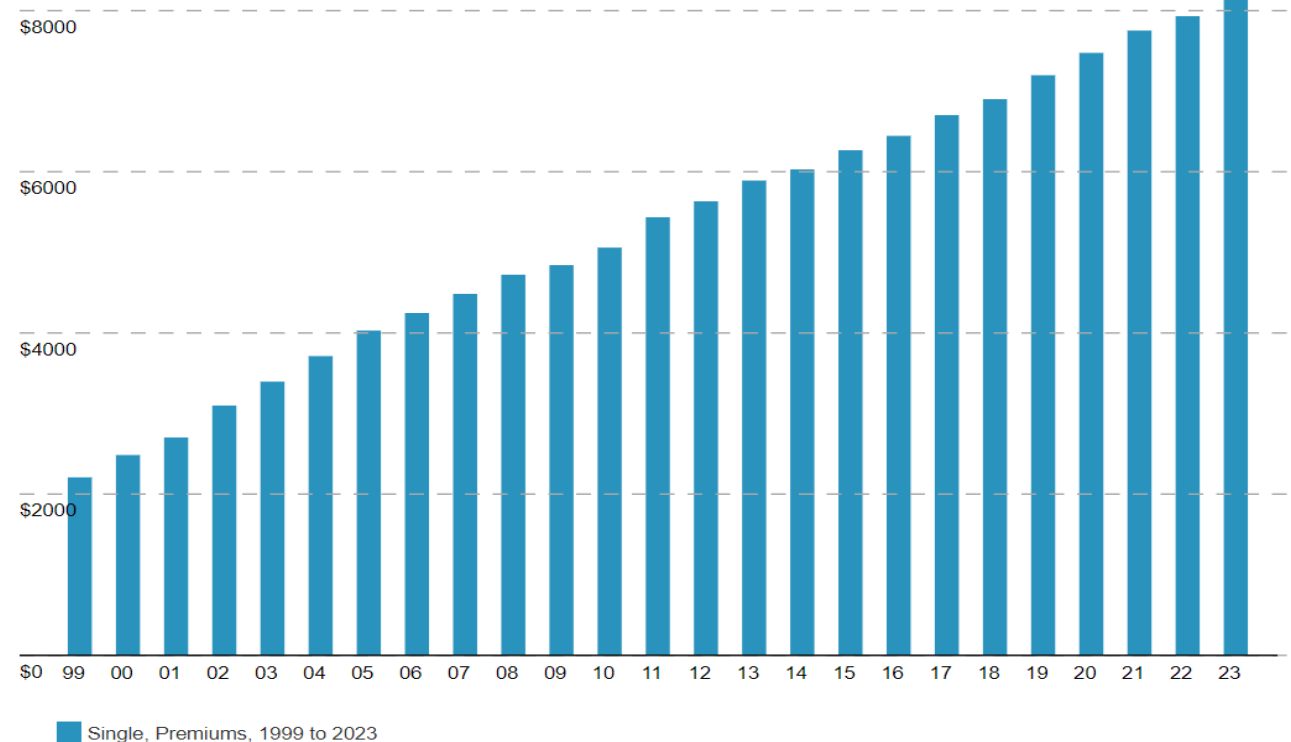
*Figure does not meet standard of reliability or precision.

Source: Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends. Medical Expenditure Panel Survey Insurance Component.

Employer-Sponsored Premiums are Rising Nationally

- Premiums on employer-sponsored insurance have risen every year from 1999-2023.
- Over the last 5 years, the average premium for family coverage has increased by 22%.

Average premium cost for individual employer-sponsored health coverage, U.S., 1999-2023



Source: Kaiser Family Foundation, 2023, Premiums and Worker Contributions Among Workers Covered by Employer-Sponsored Coverage, 1999-2023. Data from KFF Employer Health Benefits Survey

Impacts of National Employer-Sponsored Insurance (ESI) Cost Growth on...



Employee Compensation

From 1988 to 2019, health insurance premiums increased from 7.9% of compensation (wages plus premiums) to 17.7% of compensation for US families with ESI.



Potential Lost Wages

Employers face significant trade-offs. A recent study shows that wage growth may have been reduced due to the rising cost of health benefits over time.



Cost Inequities

By receiving lower earnings historically, Black and Hispanic households shoulder a greater proportion of the increase in health care premiums as a percentage of their compensation.

Nationally, Nearly Half of Small Businesses are Concerned by Rising Premiums

Small business leaders' top four most important health care issues for policymakers to address are cost-related.

As someone working at a small business, which of the following health care issues do you think are most important for policymakers to address? You may select up to three.

Figure 2:



The Murphy Administration's Comprehensive Agenda for Health Care Affordability

The Murphy Administration: Advancing a Comprehensive Health Care Affordability and Cost Containment Agenda



- **Improve ACCESS to quality care and affordable coverage**

- Significant Medicaid benefit enhancements
- Maternal health access and innovation in Medicaid
- Cover All Kids
- Expanded Navigator services and carrier participation



- **Improve AFFORDABILITY**

- Launch of State-Based Exchange (Get Covered New Jersey) & State subsidies
- Reinsurance program
- Health Insurance Affordability Fund
- Protect consumers from surprise medical bills
- Increased access to Prescription Drug Assistance Programs



- **Strengthen STATE OVERSIGHT**

- Medicaid oversight of Managed Care Organizations: significant savings achieved.
- Oversight of Pharmacy Benefit Managers
- Ensuring mental health parity

The Murphy Administration: Advancing a Comprehensive Health Care Affordability and Cost Containment Agenda



- **Increase TRANSPARENCY**

- Enhancing transparency across the health system
- **Prescription Drug Affordability and Transparency package: Supply chain transparency, consumer relief, and enhanced oversight**
 - One of the most comprehensive prescription drug price transparency programs in the country, it will:
 1. Establish greater oversight of pharmacy benefit manager
 2. Create a new data and transparency system
 3. Cap out-of-pocket costs for many
 - This package will help address the fact that over half of New Jersey residents are concerned about the affordability of prescription drugs and one in four adults skips or rations their medications
 - These accountability metrics can help employers since pharmaceutical costs are key drivers of health care spending growth
- **Health Care Affordability, Responsibility, and Transparency (HART) Program**
 - Monitoring health care cost growth at state, market, payer, and provider levels
 - Identifying drivers of growth and opportunities for cost containment
 - Stakeholder engagement across the healthcare sector

Office of Health Care Affordability & Transparency (OHCAT)



- Launched in 2020, Director of the Office serves as Chair of the Health Care Affordability Interagency Working Group to identify administration wide, cross market solutions for all residents
- Comprehensive agenda includes strategies to engage stakeholders across the health care sector to address prices related to:
 - Prescription drugs
 - Hospital and providers
 - Insurance premiums

The New Jersey Health Care Affordability, Responsibility, and Transparency (HART) Program

HART Benchmark Program

- **EO #277** and **stakeholder compact** launched implementation
- Establishes a **shared goal** for bringing down **rate of health care cost growth** within the state.
- Committed to bringing in all elements of the health care sector, including purchasers of employer-sponsored insurance.
- Key updates on [DOBI](#) and [Rutgers](#) websites



New Jersey HART Program Goals

- Make health care more affordable for all New Jerseyans by slowing the rate of health care spending growth
 - To alleviate the financial pressures on purchasers of health care, including self-insured employers, employer-sponsors, and public sources
- Facilitate the transparent reporting of health care costs at the state, market, payer and provider levels
 - To help purchasers make more informed decisions when purchasing health coverage
- Leverage New Jersey health care data to understand root causes of rising health care costs in the state and inform strategies to reduce health care cost growth

Leveraging Benchmarking Programs to Address Health Care Priorities

Health care cost growth benchmarking programs provide valuable information for increasing health system transparency and accountability and an opportunity to engage stakeholders around reform priorities.

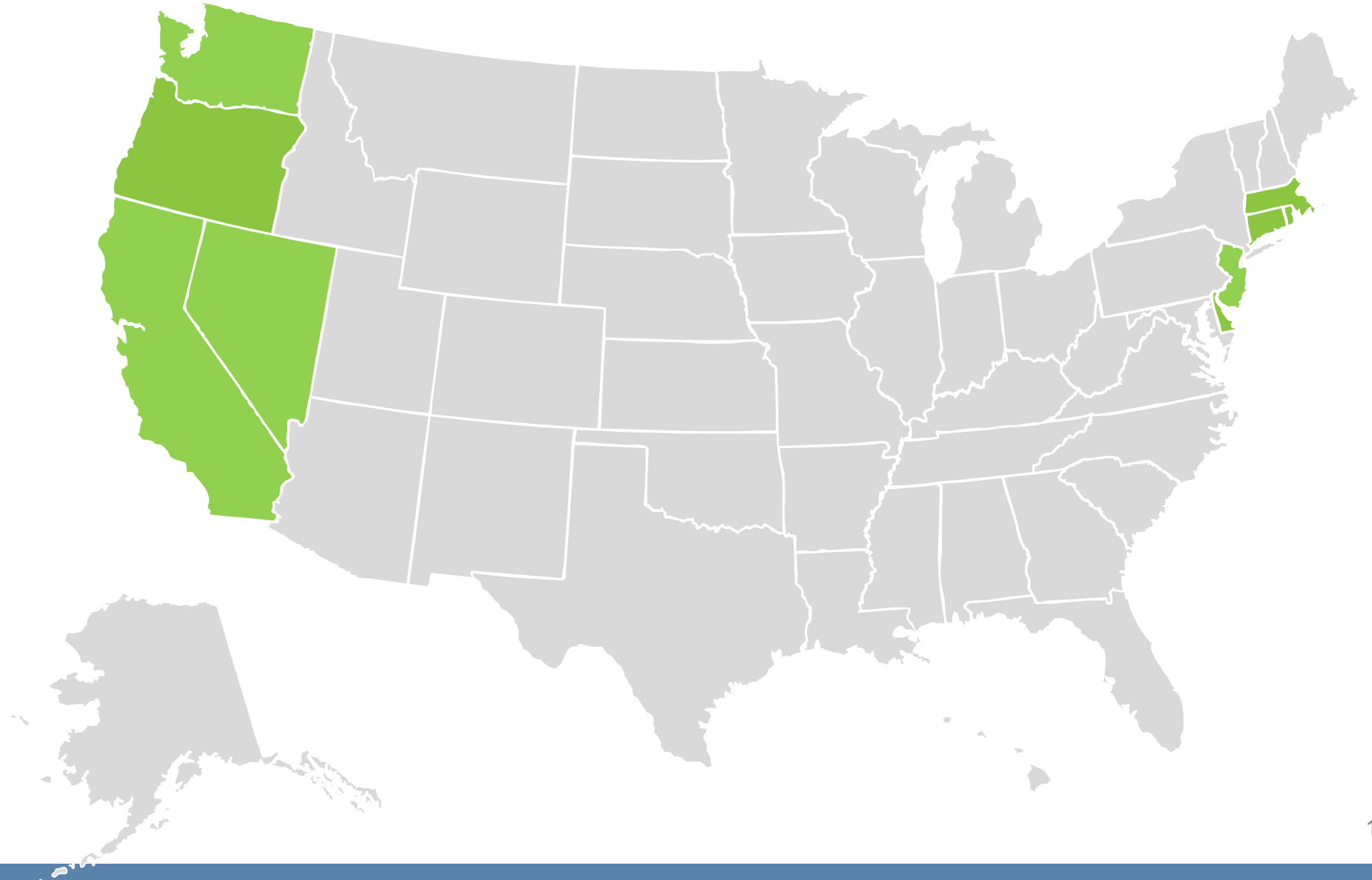
Benchmarking programs:

- ✓ **Provide comprehensive information** about health care system performance and cost drivers
- ✓ **Target health care system areas** for further investigation and action
- ✓ **Focus stakeholder attention** on pressing health care system and affordability issues
- ✓ **Offer an opportunity to convene broad stakeholder groups** around health care system issues

State Activity on Health Care Cost Growth Benchmarks

■ Established in:

California,
Connecticut,
Delaware,
Massachusetts,
New Jersey,
Nevada,
Oregon,
Rhode Island,
and Washington.



The HART Program and Employers / Purchasers

- Employers are large purchasers of commercial health insurance and are challenged by increasing health care costs, which can stifle new business investment.
- Growing health care costs have contributed to wage stagnation and income inequality¹, and controlling the growth of those costs will enable employers to attract and retain a high-quality workforce.
- The HART Program will engage employers as partners in its efforts to control cost growth.

1. Hager, K, Emanuel, E, & D Mozaffarian. (2024). Employer-Sponsored Health Insurance Premium Cost Growth and Its Association With Earnings Inequality Among US Families. *JAMA Network Open*. 7(1).

Opportunities

- HART Benchmark Program encourages employers to engage with this program and with policy makers to have their voices heard
- The transparency promoted by the HART Program will provide us with analytics on statewide trends and more, and can be of use to employers in different ways
- Many employers have a workforce in numerous states and can leverage the lessons learned in New Jersey to help control health care costs elsewhere.

Prescription Drug Price Affordability and Transparency Efforts

Prescription Drug Prices – Impact on Employers

- In a 2020 survey, 1 in 5 New Jerseyans reported skipping or rationing pharmaceuticals they were prescribed because of the cost.¹
- Prescription drug prices are also a key concern of small business owners trying to manage care for their employees.
- The *transparency* at the core of the Governor’s legislative package advances market-based solutions that benefit *everyone* in the New Jersey economy.
- A2841, now statute, regulates pharmacy benefit managers, relied on by employer-sponsored plans and self-insured entities to manage employees’ health care costs

1. Altarum Healthcare Value Hub (August 2020), New Jersey Residents Worried About High Drug Costs – Support a Range of Government Solutions

Prescription Drug Price Transparency Legislation

- [A2840/S1615](#) created a new data and transparency system to report on the entire process of drug pricing across the supply chain.
 - *Manufacturers* notify the Division of Consumer Affairs (DCA) of price increases, and submit reports;
 - *PBMs and Distributors* submit reports to DCA for certain drugs, including cost, volume, rebates, and discounts;
 - *Carriers* report spending on Rx drugs before cost sharing for each of the drugs and drug groups defined by DCA
- DCA will publish annual reports on trends in Rx drug prices and conduct annual public hearings on the report's findings.

Additional Prescription Drug Price Bills

- [A2841/S1616](#) established oversight of Pharmacy Benefit Managers, requiring state licensing with the Department of Banking and Insurance. The bill is aimed at preventing the practice of spread pricing and creating more oversight of PBMs.
- [A2839/S1614](#) capped out of pocket costs of pharmaceuticals for residents covered by state-regulated health plans, SHBP/SEHBP, including extending the \$35 OOP cap for insulin and the OOP caps for epi pens (\$25 per year) and asthma inhalers (\$50 per year)

Consumer Relief Efforts

- **Governor Murphy has raised income eligibility for prescription drug assistance programs** with significant budget investments in FY22, FY23, FY24 (more than doubling state funding) and proposed for FY25. Increased eligibility has expanded benefits to tens of thousands of seniors and low-income individuals with disabilities.
 - **Senior Gold Prescription Drug Program** pays up to 50% of out-of-pocket costs for prescriptions for low- to middle-income New Jersey seniors.
 - **Pharmaceutical Assistance to the Aged and Disabled (PAAD)** provides assistance with monthly premiums for Medicare Part D.
 - PAAD co-payment is \$5 for each PAAD-covered generic drug prescription and \$7 for brand name drugs

Medical Debt Efforts, Legislative Package and Consumer Relief Initiative

Medical Debt is Pervasive

- **4 in 10 American adults** have medical or dental debt, collectively totaling about **\$195 billion**
- An estimated **1 in 10 New Jersey adults** has medical debt in collections, collectively totaling about **\$1.4 billion** *
 - Mercer county has the highest rate of medical debt of any county in the state (18% of adults)
- Rates of medical debt are **twice as high** in New Jersey communities of color compared to white communities
 - In Mercer County alone, nearly 4 in 10 adult residents of color has medical debt in collections (4x the rate in white communities)

*Not including some forms of debt such as debt owed in credit cards or to family and friends

Medical Debt Legislative Package

“Louisa Carman Medical Debt Relief Act”:

- N.J. Senate Bill 2806, Assembly Bill A3861
- Prohibits consumer reporting agency from reporting for a paid medical debt or medical debt on or after the effective date and prohibits reporting for any paid medical debt or medical debt less than \$500 regardless of date incurred
- A collector must wait 180 days before collecting medical debt.

N.J. S.2795:

- Establishes plain language billing for medical bills 30 days post hospital visit or 7 days after a written request from patient
- Identifies patient vs. payer responsibility clearly and conspicuously displays contact information for resolutions of billing disputes
- Limits medical nomenclature and uses language which is comprehensible by an ordinary layperson

Undue Medical Debt

- The Murphy Administration has formed a partnership with Undue Medical Debt (formerly RIP Medical Debt)
- \$10M in American Rescue Plan funds to purchase New Jerseyans' medical debt from hospitals
- Working to engage hospitals across the state, especially those serving patients in areas disproportionately harmed by medical debt



Thank you!

For more information: [Office of the Governor | Office of Health Care Affordability and Transparency \(nj.gov\)](#)