



KEEP HEALTH INSURANCE AFFORDABLE BY NOT ENACTING ANY MORE HEALTHCARE MANDATES

DESCRIPTION

New Jersey has enacted 31 mandates for previously uncovered medical treatments and services. These measures drive up the cost of purchasing health insurance by mandating coverage of additional services or setting the rates to be paid for those services.

BACKGROUND

The cost of health insurance has exploded in recent years, making it too expensive for many New Jersey companies. As a consequence, the percentage of private-sector employers providing health insurance coverage for their employees is falling.

This trend has been documented in NJBIA's annual Health Benefits Survey. The 2007 survey found that the average cost of employee health coverage soared by 11 percent to a record \$7,561 per employee in 2006. Given the effects of compounding, the total average cost has grown by 80 percent over the last five years. Preliminary results from NJBIA's 2008 survey show that costs have more than doubled since 2000.

Employees, not just employers, also end up paying more. Employers have passed some of the cost of rising premiums on to their employees, requiring employees to pay more for their health insurance. However, the proportion of the total cost borne by employees has remained stable at about 20 percent of the total, according to a Towers Perrin employer survey. But, as premiums rise, employee costs escalate at the same rate.

In response to exploding costs, growing numbers of small businesses are dropping coverage altogether because they can no longer afford it. NJBIA's survey showed that 82 percent of companies with two to 19 employees provided health insurance coverage in 2006, compared with 92 percent three years earlier.

NJBIA POSITION

The government must not drive health insurance costs higher by ordering new health insurance coverage mandates that make everyone—employers and employees alike—pay even more. The Legislature must hold the line on mandates, which can significantly increase the cost of purchasing health insurance.

NJBIA asks the Legislature to:

- hold the line on any new health mandates that would increase the already high cost of health insurance;
- subject all health insurance mandate bills to review by the State's Mandated Health Benefits Advisory Commission prior to Committee consideration to assess its impact on the cost of purchasing health insurance; and
- expand the advisory commission's mission to include the review of existing mandate laws.

ARGUMENTS AGAINST HEALTH INSURANCE COVERAGE MANDATES

NJBIA opposes any measure that would drive up the cost of purchasing health insurance by mandating coverage of additional services or setting the rates to be paid for those services. NJBIA supports the ability of businesses, including healthcare providers and purchasers, to freely negotiate the rates for services.

Small employers are least able to afford to provide health insurance benefits. There is a direct relationship between the size of a company and the likelihood that it will offer health insurance. On average, about 60 percent of small businesses with fewer than 50 employees provide healthcare coverage.

Healthcare mandates impact only a portion of the insurance market, and their costs are disproportionately borne by small businesses and individuals. Legislatively-imposed mandates only apply to health plans sold in the State-regulated market, which represents only a small portion of the overall health insurance market. As such, mandate laws reach less than one-third of New Jerseyans. There are about 2.1 million individuals (about 27 percent of the population) insured through the State regulated market — about 1.1 million in the large-employer market, 900,000 in the small-employer market and 85,000 in the individual market.

Enacting mandate legislation will surely provide more cost pressure on small businesses — the group most at risk for dropping coverage for their employees.

COST

Health insurance mandates have been estimated to increase the cost of purchasing health insurance by as much as 20 percent. Because many health insurance coverage mandates also impact the State Health Benefits Programs, the State is directly impacted. The State is also indirectly impacted through an increase in the ranks of the uninsured, because rising health insurance premiums force people to drop coverage.

LEGISLATIVE HISTORY

More than 30 health insurance coverage mandates bills are awaiting consideration in the 2008-2009 Legislative Session. These bills are often based on an individual constituent's situation, but can significantly increase the cost coverage for everyone.

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