The $7.6 Million Question: Will New Jersey Leave Thousands Without Health Insurance in the Dark?

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The clock is ticking: New Jersey will forfeit $7.6 million in federal funds if the Christie administration misses a February 20 deadline to submit a plan to help thousands of New Jerseyans who lack health insurance get the quality, affordable care that is available to them. This crucial funding could be used to make more New Jerseyans aware of their options under the Affordable Care Act (ACA), which would help them obtain insurance coverage. If New Jersey fails to act, the federal funding will be lost and up to 95,000 uninsured New Jerseyans would miss out on a life-changing – or in some cases a life-saving – opportunity.

The money is from a planning grant New Jersey received to set up a state health insurance Marketplace – where consumers could shop for private health insurance – two years ago. In December 2012, the governor announced that New Jersey would not establish its own Marketplace or even a federal/state partnership, deferring to a Marketplace run solely by the federal government. Even so, the federal government allowed the state to use these funds for the consumer outreach and education work that is critical to connecting people with their coverage options as part of health reform. While the Christie administration has been in discussions with the federal government on this issue for over a year, it has not yet submitted an acceptable proposal for consideration, and the deadline is fast approaching.

There’s an Urgent Need for Outreach in New Jersey

With about 900,000 uninsured residents eligible to benefit from the ACA, and most of them unaware of their coverage options, New Jersey needs to act urgently to educate its residents.

New Jersey has the tenth-highest number of residents without insurance in the nation, and the number of uninsured is growing at a faster rate than in most other states. The main culprit is New Jersey’s high out-of-pocket cost for insurance. In 2010, New Jersey had the third-highest premiums in the nation for insurance that individuals purchase on their own, without the help of
employers. These costs, particularly when added to New Jersey’s other high costs of living, mean that most moderate- and low-income families cannot afford coverage.

Despite this great need, enrollment – particularly in the Marketplace – has been disappointing, primarily because few people understand how the Marketplace works or even know that it exists. Through December, just 6 percent of the 628,000 New Jerseyans eligible for federal subsidies to help them afford insurance in the Marketplace had enrolled. Adding those who were directed to Medicaid by the Marketplace and by the state Medicaid agency, only 12 percent of the 900,000 eligible uninsured New Jerseyans have signed up for insurance so far.

Most consumers (69 percent nationally) don’t know that subsidies are available in the Marketplace, so there’s no financial incentive to take a look. An even larger percentage (81 percent nationally) is unaware of the March 31 deadline for enrolling in an insurance plan, so they have no sense of urgency to sign up.

More than six in 10 New Jersey adults say they’ve heard little or nothing at all about the Marketplace. And just 56 percent are aware that individuals are required to purchase health coverage or pay a fine, compared to 74 percent of Americans. This suggests that additional educational efforts are especially needed in New Jersey.

**Federal Planning Funds Would Enhance Outreach**

New Jersey’s decision to use a federal Marketplace instead of a state Marketplace cut it off from a large amount of federal funding for outreach and marketing. This funding would have been based on total need for health insurance, which in New Jersey is quite high. It’s unclear exactly how much New Jersey passed up, but Maryland, by comparison, received about $16 million.

New Jersey initially was left with only $8 million in federal funding for outreach: about $7 million for community health centers and “navigators” who help people sign up for insurance, and about $1 million in Child Health Insurance Program (CHIP) funding to increase enrollment in New Jersey’s CHIP program, NJ FamilyCare.

Using the other $7.6 million in federal funds sitting on the table could effectively double New Jersey’s marketing and allow it to conduct what experts call “enhanced outreach.” It’s estimated that this more vigorous approach would dramatically increase enrollment rates in the first year, with enhanced outreach ultimately enrolling 75 percent of those newly eligible for insurance, compared to 57 percent under conventional outreach. In New Jersey, this would mean that approximately 95,000 additional residents could gain health coverage in the first year.
A Wide Range of New Jerseyans Are at Risk of Being Left Behind

Effective, targeted outreach is necessary to overcome the many barriers facing individuals who need health coverage. Without enhanced outreach, these at-risk individuals would be the least likely to obtain coverage. While low- and moderate-income New Jerseyans certainly have a lot to lose if New Jersey gives up this $7.6 million, the harm would be widely spread across a variety of New Jerseyans of different incomes, locations, occupations and other demographics.7

While families with a full-time worker were not traditionally considered at risk of being uninsured, many of them are now in that category as wages have stagnated, health care costs have risen and employers have dropped coverage. In fact, they make up the largest share of New Jerseyans who would benefit from enhanced outreach. Despite playing by the rules and doing everything they can to survive in high-cost New Jersey, before the Affordable Care Act they had no place to turn for help if they couldn’t afford expensive insurance in the individual market. And now that they have options, they need to be made aware of them.

Poor adults and children who are least able to afford health insurance would also be harmed by a lack of action. And since any poor New Jerseyan would be eligible for NJ FamilyCare, which has excellent benefits and requires no cost sharing, it would be particularly unfortunate if this population was not aware of this opportunity. Plenty of low- to moderate-income New Jerseyans, however, would also be harmed, and everyone in this group would be eligible for subsidies in the Marketplace.

New Jerseyans with a serious mental illness and families where no adult speaks English each face unique and major barriers to enrollment and could greatly benefit from enhanced, targeted outreach.

Many young adults would also benefit from enhanced outreach that helps them understand the importance of protecting themselves against unexpected illness or accidents, along with the financial assistance that is available so they can afford insurance.
**Thousands of Working New Jerseyans Are at Risk**

About two-thirds of all uninsured adult New Jerseyans are working across a wide spectrum of occupations. These workers, like other major groups without insurance, stand to greatly benefit from enhanced outreach about their coverage options.

Every year, fewer employers provide health coverage to their workers. Over half of New Jersey’s small businesses do not provide any health coverage for their employees, and the less they pay their workers, the less likely they are to provide insurance. Most large employers provide coverage but often only to full-time workers; the ever-growing number of part-time workers are often out of luck.

**Uninsured New Jerseyans in Every County Are at Risk**

New Jerseyans without health insurance can be found all over the state, in the richest and poorest counties, especially since the recession, as workers in all counties have grappled with layoffs, reduced hours and pay cuts. One of the main benefits of the Affordable Care Act is that it can create peace of mind by guaranteeing quality, affordable insurance for *everyone*. But that won’t happen unless the uninsured are aware of this opportunity.
An Opportunity to Put New Jerseyans First

The governor’s record on the Affordable Care Act is mixed. He has repeatedly said that he does not support the legislation and has not hesitated to criticize the law’s implementation. He’s also turned down between $100 million and $200 million in federal funding to establish a state Marketplace, which would have eliminated most of the coordination problems between the federal Marketplace and the state Medicaid agency that New Jersey has seen thus far.

On the other hand, by opting for the Medicaid expansion, the governor made health coverage available for over 300,000 very low-income New Jerseyans without health insurance who would otherwise have no place to turn. That is projected to save the state $227 million in Medicaid costs in the current fiscal year, a number that will rise to almost $500 million next year. That savings is on top of the additional federal funds that will flow into New Jersey to cover newly eligible Medicaid beneficiaries. The Medicaid expansion was one of the most important state health policy decisions in decades.

Not only did the governor make the right policy choice, his administration has made an exceptional effort to provide express Medicaid enrollment for many uninsured New Jerseyans, which is not required by the federal legislation. For example, New Jersey is one of only five states using the food stamp rolls to identify and enroll the uninsured who meet the income requirement for the Medicaid expansion, thereby reducing administrative costs and reaching more people quickly and efficiently. Also, while the state’s enrollment website for NJ FamilyCare has not been perfect, it has outperformed the federal website – at least in the early months.

The greatest problem now is that many of the uninsured are unaware of their options, whether that’s Medicaid or the financial help available through the Marketplace. It is difficult to imagine that the governor would actually return these federal funds that have already been awarded to the state, given how many people could be harmed. For some, this decision could literally mean life or death. Once again the governor has an opportunity to put New Jerseyans first. Let’s hope he seizes it.
Methodology

The estimate for the number of people who could be affected by the state not claiming the $7.6 million in federal planning funds (95,000) was derived by comparing New Jersey's estimated 2014 enrollment using both enhanced outreach and standard outreach. Total enrollment for 2014 was calculated based on the Rutgers Center for State Health Policy estimate of the number of uninsured who will enroll in the Marketplace and the Medicaid expansion. Based on national estimates prepared by the Congressional Budget Office (CBO) it will take about three years to achieve the full enrollment rate. The rate for 2014 was based on the CBO estimate for that year nationally.

The Rutgers estimate for enrollment under enhanced outreach is guided by the Urban Institute’s definition as the enrollment that is likely with maximum resources based on available research. According to the Institute, standard outreach is based on the national enrollment average, which was estimated by the Congressional Budget Office.

To create the estimates in the tables, NJPP used the proportion of uninsured groups and counties in New Jersey and applied those proportions towards the total of 95,000 individuals who stand to be left behind without enhanced outreach. Those proportions were derived from U.S. Census data and the estimates are meant to be illustrative. The actual impact will vary among the groups and counties depending on the type and scope of outreach that will be provided.
Endnotes


7 Based on Census data, we have excellent estimates of the number of individuals in various groups and locations who are uninsured in New Jersey.
