CHART
Center for Health Analytics, Research & Transformation at NJHA

BULLETIN

As 2020 Open Enrollment Period Nears, N.J. Begins Transition to State-Based Exchange

With the 2020 open enrollment period scheduled to begin Nov. 1, New Jersey is shifting from being one of the dozens of states that use the federally facilitated marketplace (FFM) to one that will use a hybrid model known as a state-based exchange on the federal platform (SBE-FP). This change comes as New Jersey plans to fully transition to a state-based exchange in 2021.

The Murphy Administration spent 2019 investing in efforts to begin the transition including:

- Filing a Declaration of Intent letter with the Centers for Medicaid and Medicare Services;
- Filing a Blueprint to transition to an SBE for 2021, which included plans to transition to the hybrid model for 2020;
- Enacting legislation to establish the state-based exchange (SBE).

If approved by CMS, the development of the SBE is intended to stabilize New Jersey's individual market and protect residents' access to more affordable and comprehensive coverage options. When the transition is complete New Jersey will have control of the open enrollment period and access to data that can be used to better regulate the market, conduct targeted outreach and inform policy decisions. Additionally, the user fees that are currently paid to the FFM will be able to fund exchange operations, consumer assistance, outreach and advertising.

In the meantime, the SBE-FP model will allow New Jersey to increase its investment in outreach and enrollment. In fact, under the Blueprint filing New Jersey anticipates making $2 million in grant funding for the State Navigator Program for Plan Year 2020. This is a significant increase over last year's funding, which is made possible through a state assessment on health benefits plans sold in the individual market.

This is good news for New Jersey, given a recent analysis of CMS data. Findings from the CMS data on FFM and SBE enrollment indicate that state-based exchanges appear to maintain success rates better than the states using the FFM. Specifically, in 2019,

- Enrollment in states using HealthCare.gov (under the FFM) fell by 3.8 percent on average to 8.4 million, while enrollment in states operating their own exchanges rose by about 26,000 (or 0.9 percent) to a little more than 3 million.
- Six of the 10 states with the largest percent decrease in average monthly premiums, including New Jersey, have some form of state involvement in their exchanges.

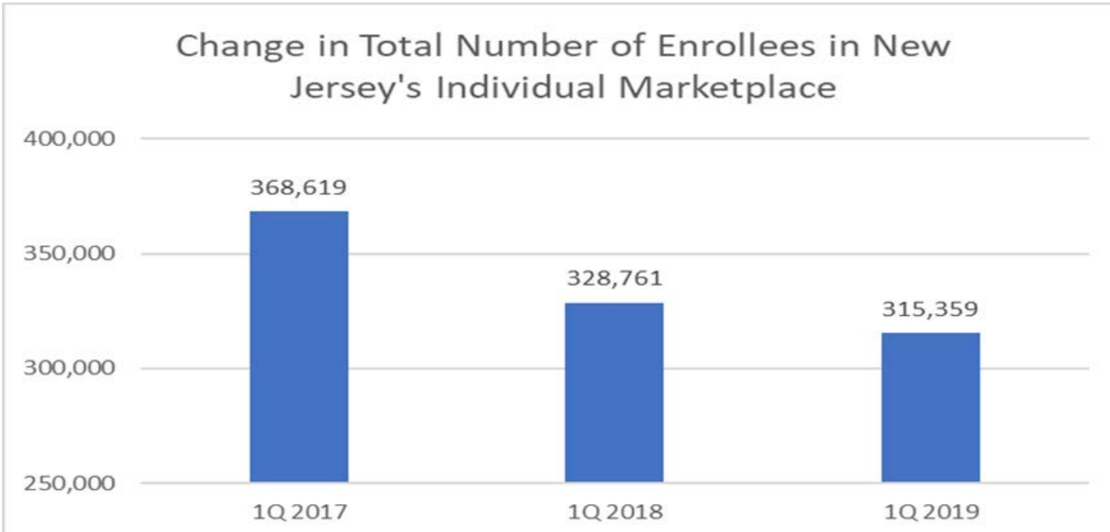
Even before the 2019 exchange transition efforts, Gov. Murphy enacted legislation last year to stabilize New Jersey's individual market. These efforts included passing legislation that implemented an individual mandate requirement for New Jersey. This requirement is largely identical to the individual mandate in the Affordable Care Act and is intended to ensure that everyone purchases health insurance coverage or faces a penalty. This protects the marketplace from becoming overwhelmed with only sick individuals who need coverage, while healthy individuals choose to forgo coverage. That type of scenario leads to premiums significantly increasing until becoming unaffordable.

The other significant piece of legislation that Gov. Murphy enacted in 2018 was to develop a reinsurance program for carriers. Simply put, the reinsurance program protects health insurers from the impact of high-dollar claims.

To health!
NJHA
New Jersey Hospital Association

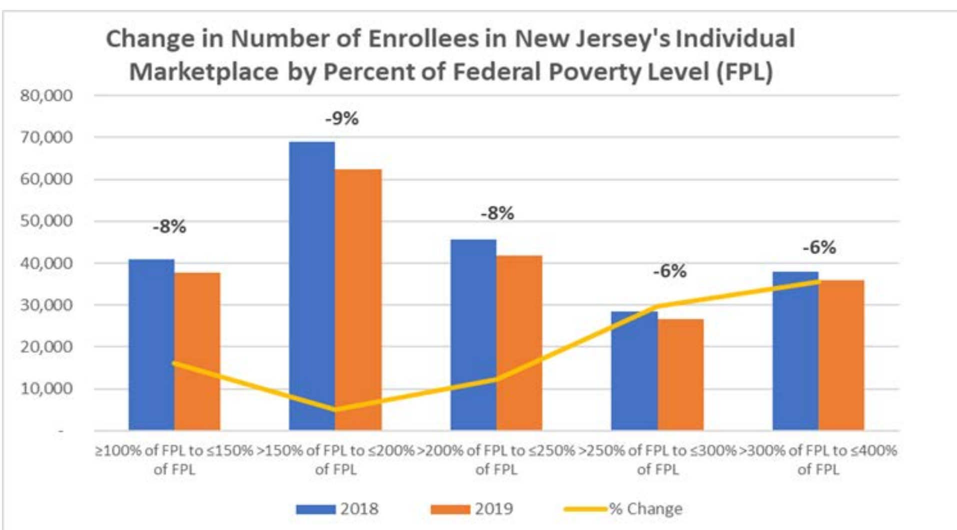
The result from enacting this legislation was that monthly premiums actually decreased in 2019. The average second lowest cost silver plan decreased from $535 in 2018 to $511 in 2019. The decrease also meant that for those receiving premium subsidies, the average monthly post-subsidy premium payment rose by just one dollar, from $234 to $235.

The benefits of these efforts can already be seen in the most recent first quarter enrollment data from the state. In 2018, total enrollees in New Jersey's individual marketplace decreased by 10.8 percent versus 2017. However, data comparing 2019 to 2018 shows a decrease in first quarter enrollment of 4.1 percent. This is noteworthy because it represents a significantly smaller decrease than the one that occurred between 2017 and 2018, prior to the Murphy administration's efforts to combat federal-level changes.



The SBE-FP efforts to address outreach and enrollment may prove to be one of the most important efforts the state makes this year. One demographic shift of particular concern identified in the CMS data is an enrollment decrease by enrollee federal poverty level. The greatest decreases in enrollment on the FFM were individuals with incomes between 100 and 250 percent of the federal poverty level.

This is of concern because these individuals have access to the greatest amount of financial assistance with regard to premiums. While it is difficult to identify why this demographic experienced a decrease, it could be a result of limited outreach to and education of this contingent.



As Nov. 1 draws closer, the state faces challenges in ramping up the SBE-FP. Even greater challenges, including technology support, lay ahead after the transition to a full SBE is complete. But New Jersey also faces an essential opportunity to aid the residents of New Jersey through increased access to care.