



NEW JERSEY HOSPITAL ASSOCIATION

**Date:** October 9, 2012

**To:** Members, Assemblyman Health and Senior Services Committee

**From:** Randy Minniear, Senior Vice President, Government Relations & Policy  
Jessica M. Cohen, Director, Government Relations & Policy  
Neil Eicher, Deputy Director, Government Relations & Policy

**Cc:** Nicole Brown, Assembly Democratic Office  
Natalie Collins, Assembly Republican Office  
David Price, Office of Legislative Services

**Re:** **A-3186 - "New Jersey Health Benefit Exchange Act."**

On behalf of the New Jersey Hospital Association and its members, we would like to take this opportunity to offer our support for **A-3186** sponsored by Assemblyman Herb Conaway (D-Delran) in the Assembly Health and Senior Services Committee.

As you may already know, the *Patient Protection and Affordable Care Act (ACA)* mandates that all states either establish an American Health Benefits Exchange or allow the federal government to operate one on behalf of the state. The Exchange will serve as a virtual marketplace where consumers and small businesses can pool resources and purchase health insurance plans at an affordable rate. Federal subsidies will be available to assist low-income individuals—defined as those making up to 400 percent of the federal poverty level—with purchasing insurance offered through the Exchanges.

NJHA has been engaged with policymakers since the passage of the law in March 2010. NJHA joined its parent organization, the American Hospital Association (AHA) in supporting the legislation as it seeks to realign the healthcare system to provide affordable coverage too many of the nation's uninsured. In offering its support, the hospital industry agreed to accept \$155 billion in cuts over the next ten years in Medicare reimbursement and Disproportionate Share Hospital (DSH) funding, which totals \$4.5 billion in reductions to New Jersey hospitals. In order to withstand these cuts, hospitals are excited about the increase in the amount of insured patients who will now have adequate access to healthcare services. However, this can only be effectuated with the proper establishment and continued operations of a healthy and robust Health Insurance Exchange.

As a key stakeholder in this process, we would respectfully request the continued involvement in the development of the policies governing the Exchange. As such, below is a list of principles that NJHA would like to see included in the final version of any policy establishing the Exchange:

- New Jersey should establish one statewide Exchange that would operate as an independent public agency or a nonprofit entity that it is outside the scope of the budgetary constraints

and managed outside of the civil service structure. The Exchange should be fully funded and self-sustaining after start-up costs are absorbed. Plans offered through the Exchange must provide appropriate reimbursement rates to providers;

- The Exchange should strike a balance between promoting market-based competition among health plans and ensuring that the health plans offered meet essential quality and network standards;
- The governing board of the Exchange should be small in size, but also inclusive of the broad representation of the healthcare continuum, including healthcare providers, consumers, employers and payers;
- The Exchange should establish proper network adequacy standards to ensure that patients have reasonable access to primary care and specialty providers;
- The state should lead a coordinated, streamlined enrollment process that involves various stakeholders across the healthcare continuum;
- The state should ensure that the “essential health benefits” requirements that are established in conjunction with the federal government take into consideration both the adequacy of services provided and the costs of rising healthcare premiums; and
- The state should make the rules for any insurance markets outside the Exchange fully consistent with the rules that apply inside the Exchange.

We look forward to the state’s development of the Exchange and remain available as a resource to all decision makers who are involved in crafting such an essential policy.

We believe that this piece of legislation will provide the state with a robust Health Insurance Exchange for years to come. Thank you for your time and consideration. Please do not hesitate to contact us at (609) 275-4251.