



Date: December 12, 2012

To: Members, Assembly Health, Human Services and Senior Citizens Committee

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

Cc: Nicole Brown, Assembly Democratic Office
Natalie A. Collins, Assembly Republican Office
David Price, Office of Legislative Affairs

Re: **SCR-132/ACR-170 - Resolution urging the Governor to expand the Medicaid program pursuant to the federal Affordable Care Act.**

On behalf of the New Jersey Hospital Association and its members, we are writing to express our support for **SCR-132/ACR-170**, sponsored by Senator Vitale (D-Woodbridge) and Assemblyman Herb Conaway (D-Delran) which would urge the Governor to expand the Medicaid program pursuant to the federal Affordable Care Act.

The Patient Protection and Affordable Care Act (ACA) authorized states to expand their Medicaid programs to eligible patient populations making up to 133% of the Federal Poverty Level (FPL) beginning on Jan. 1, 2014. For these newly insured patients, states will receive a 100% funding match by the federal government for the first three years, with the match being reduced down to a rate of 90% by 2020.

In June of this year, the US Supreme Court struck down the provision that states must expand the coverage to receive all Medicaid funding and instead gave states the option to choose whether or not to expand the coverage. Secretary Kathleen Sebelius also clarified that states may opt in and opt out of the program at anytime beginning in 2014, giving states more flexibility than what was originally prescribed in the law. Therefore, if Congress begins to shift costs away from the federal government to the states for the newly enrolled, states will have the option to withdraw from the expansion.

Currently, New Jersey already offers expanded coverage to parents making up to 133% FPL and children in households with incomes up to 350% FPL. However, New Jersey only offers coverage to childless adults making up to roughly 26% FPL, and thus the Medicaid expansion would apply primarily to this population. According to a report issued by the Rutgers Center for State Health Policy, New Jersey could capture approximately 125,000 more childless adults through the expansion.

As a promise to expand coverage to nearly 450,000 previously uninsured residents through expanded coverage efforts, New Jersey hospitals have begun to shoulder significant cuts at the

federal level. It is estimated that NJ hospitals will be cut by \$4.5 billion over the next ten years just from provisions in the ACA alone; these reductions are in addition to impending cuts through federal sequestration and deficit reduction efforts. The reduced funding to hospitals must be balanced with an increase in coverage through the establishment of a Health Insurance Exchange and the potential expansion of the Medicaid program. In addition, the state must fully consider the impact that the increased level of insured patients will have on a healthcare delivery system that is already experiencing a physician shortage and work to improve access to healthcare services for the newly insured population.

We urge you to support **SCR-132/ACR-170**. Please don't hesitate to contact us if we can be of any further assistance at 609-275-4251.