

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

SENATE, No. 3098

STATE OF NEW JERSEY 221st LEGISLATURE

DATED: MARCH 26, 2025

SUMMARY

- Synopsis:** Requires health insurers to provide coverage for biomarker precision medical testing.
- Type of Impact:** Annual expenditure increase to the State and participating local entities.
- Agencies Affected:** Division of Pensions and Benefits in the Department of the Treasury; Department of Banking and Insurance; Department of Human Services; Local Governments; School Districts.

Office of Legislative Services Estimate

| Fiscal Impact | <u>Annual</u> |
|--|------------------------|
| State Expenditure Increase for SHBP-State | Indeterminate |
| Local Expenditure Increase for SHBP-Local and SEHBP | Indeterminate |
| State Expenditure Impact for GetCoveredNJ | Indeterminate |
| Net State Expenditure Increase for NJ FamilyCare | \$372,000 to \$670,000 |

- The Office of Legislative Services (OLS) estimates that requiring health insurance carriers to provide coverage for biomarker precision medical testing will result in annual indeterminate expenditure increases to the State, to local governments that participate in the State Health Benefits Program, and to school districts that participate in the School Employees' Health Benefits Program.
- The OLS estimates that requiring health insurance carriers to provide coverage for biomarker precision medical testing will result in an annual indeterminate expenditure impact for GetCoveredNJ, the State-based health insurance marketplace.
- The OLS estimates that requiring health insurance carriers to provide coverage for biomarker precision medical testing will result in annual net expenditure increases of \$372,000 to \$670,000 for the NJ FamilyCare program, which encompasses the State Medicaid program and the Children's Health Insurance Program.

BILL DESCRIPTION

This bill requires health insurers, including the State Health Benefits Program, the School Employees' Health Benefits Program, and the State Medicaid program, to provide coverage for biomarker precision medical testing. Under the bill, testing includes diagnosis, treatment, appropriate management, or ongoing monitoring of an individual's disease or condition, excluding asymptomatic screening, when testing is supported by federal Food and Drug Administration guidelines, federal Centers for Medicare and Medicaid Services guidelines, or nationally-recognized clinical practice guidelines. The bill also states that utilization review decisions regarding coverage are to be made in accordance with current statutory guidelines and timeframes.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that requiring health insurance carriers to provide coverage for biomarker precision medical testing will result in annual indeterminate expenditure increases to the State, to local governments that participate in the State Health Benefits Program, and to school districts that participate in the School Employees' Health Benefits Program.

If large group self-insured plans in the national commercial market serve as a good proxy for the State Health Benefits Program and the School Employees' Health Benefits Program, findings from a 2022 landscape analysis prepared by Milliman, a consultancy, suggest that requiring health insurance carriers to provide coverage for biomarker precision medical testing would increase annual State expenditures by approximately \$0.5 million and collective annual expenditures of participating local entities by approximately \$0.9 million. If self-insured plans that provide coverage to State and local employees through the Group Insurance Commission in Massachusetts serve as a good proxy for the State Health Benefits Program and the School Employees' Health Benefits Program, findings from an April 2024 analysis by BerryDunn, a consulting firm, suggest that requiring health insurance carriers to provide coverage for biomarker precision medical testing would increase annual State expenditures by approximately \$2.5 million and collective annual expenditures of participating local entities by approximately \$4.1 million.

The OLS is unable to determine the number of additional diagnostic, treatment, management, or monitoring procedures that would be newly eligible for coverage under the State Health Benefits Program or the School Employees' Health Benefits Program under the bill's provisions. Additionally, the OLS does not know the employer/employee cost share arrangements that would determine the State and local cost increases for the expanded number of covered procedures. Furthermore, the OLS does not know the utilization review or prior authorization requirements that would impact the distribution and cost of additional procedures provided to covered persons under current or future health benefits contracts negotiated by the State Health Benefits Program and the School Employees' Health Benefits Program and their insurers.

In the absence of this information, the OLS concludes that the bill's provisions will result in annual indeterminate expenditure increases to the State, to local governments that participate in the State Health Benefits Program, and to school districts that participate in the School Employees' Health Benefits Program.

The OLS estimates that requiring health insurance carriers to provide coverage for biomarker precision medical testing will result in an annual indeterminate expenditure impact for Get Covered New Jersey, the State-based health insurance marketplace. New Jersey Health Plan Savings or State-paid subsidies on health insurance premiums for policies offered through the State Marketplace are available to certain individuals and households who meet certain income requirements. If requiring coverage for biomarker precision medical testing increases the payment needed to subsidize healthcare services for this population, State costs will increase. There are no data regarding the current level of testing, nor any predictive data on the prevalence of this testing in the future. Since there are multiple types of testing available, each with a different cost baseline, it is not possible to predict with any certainty how the cost structure for each test may change in the future or predict the proportional share each particular test will have in the overall patient pool in the State.

The OLS concludes that State costs will increase anywhere from \$1.1 million to \$2.0 million annually for the NJ FamilyCare program to cover biomarker precision medical testing, when supported by federal Food and Drug Administration guidelines, federal Centers for Medicare and Medicaid Services guidelines, or nationally-recognized clinical practice guidelines, as required under the bill. The lower end of this range assumes that 50 percent of NJ FamilyCare managed care plans would be required to increase coverage of biomarker precision medical testing from current coverage levels. The higher end of this range assumes that 75 percent of the NJ FamilyCare managed care plans would increase biomarker precision medical testing coverage under the bill. These utilization rates are based on assumptions in the Milliman analysis previously referenced. State revenues, in the form of federal Medicaid reimbursements for qualifying State Medicaid expenditures, will increase in a range from \$755,000 to \$1.4 million annually. As such, the bill's provisions will have a net fiscal impact on NJ FamilyCare expenditures ranging from \$372,000 to \$670,000 annually.

Currently, the NJ FamilyCare program covers a limited number of biomarker precision medical tests for certain enrollees who access health care services on a fee-for-service basis. The extent to which biomarker precision medical testing is covered for NJ FamilyCare beneficiaries enrolled in a NJ FamilyCare managed care plan, however, is unclear. The 2024 contract between the NJ FamilyCare managed care plans and the Division of Medical Assistance and Health Services in the Department of Human Services simply requires a managed care plan to "...have policies and procedures in place for how it will provide for genetic testing and counseling." Because the rates that the NJ FamilyCare managed care plans pay for contracted laboratory services are proprietary, and publicly available Medicaid claims data do not provide utilization rates for specific laboratory tests, the OLS cannot determine current NJ FamilyCare expenditures or utilization rates for various biomarker tests.

Section: State Government Section & Human Services Section

*Analyst: Anna Harris
Associate Fiscal Analyst*

*Anne Hunt Cappabianca
Senior Fiscal Analyst*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).