

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

**SENATE, No. 3452**

## **STATE OF NEW JERSEY 221st LEGISLATURE**

DATED: JULY 2, 2024

### SUMMARY

- Synopsis:** Requires health insurance and Medicaid coverage for family planning and reproductive health care services; prohibits adverse actions by medical malpractice insurers in relation to performance of legally protected health care services.
- Type of Impact:** Annual State and local government expenditure increases.
- Agencies Affected:** Department of the Treasury; Department of Human Services.

#### Office of Legislative Services Estimate

<b>Fiscal Impact</b>	<b><u>Annual</u></b>
<b>State Expenditure Increase for NJ FamilyCare</b>	At least \$2.9 million
<b>State Expenditure Increase for SHBP/SEHBP</b>	Up to \$4.1 million
<b>Local Expenditure Increase for SHBP/SEHBP</b>	Up to \$1.3 million

- The Office of Legislative Services (OLS) estimates that requiring the State Medicaid program, also known as NJ FamilyCare, to provide coverage for reproductive health care services, including abortion services, without cost sharing will result in annual State expenditure increases of at least \$2.9 million. The OLS does not anticipate that the bill's provisions regarding coverage for family planning services will impact costs for the NJ Family Care program.
- The OLS estimates that requiring the State Health Benefits Program and the School Employees' Health Benefits Program to provide coverage for family planning and reproductive health care services, including genetic testing, without cost sharing for in-network care will increase annual costs to the State by up to \$4.1 million and annual costs to local governments by up to \$1.3 million. The OLS does not anticipate that the bill's provisions regarding coverage for abortion services will impact costs for the State Health Benefits Program or School Employees' Health Benefits Program.

## **BILL DESCRIPTION**

This bill requires all hospital and medical benefits contracts offered in this State, including those providing for the administration of health benefits in connection with the State Health Benefits Program and School Employees' Health Benefits Program, and the NJ FamilyCare/Medicaid program, to provide coverage for family planning and reproductive health care services. The bill requires these services to be provided without cost sharing when obtained through an in-network provider, but permits contracts and carriers to impose cost sharing requirements when certain inpatient, laboratory, and ultrasound services are provided by an out-of-network provider.

The bill also prohibits medical malpractice insurers from taking adverse action against insureds for the provision or facilitation of reproductive health care services or gender-affirming health care if the adverse action rests solely on the fact that the patient receiving the service is a resident of a state where providing or facilitating the service is illegal.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS estimates that requiring the State Medicaid program, also known as NJ FamilyCare, to provide coverage for reproductive health care services, including abortion services, without cost sharing will result in annual State expenditure increases of at least \$2.9 million. Under current law, the State Medicaid program is permitted to cover abortions for enrollees with the use of State funds only when the abortion is medically necessary, which limits utilization of the procedure. NJ FamilyCare already provides coverage for the family planning services required under the bill at little to no cost to program participants. As a result, the OLS anticipates that the primary cost impact to the State Medicaid program under the bill will occur via increased utilization of abortion care services provided through the NJ FamilyCare program.

No federal Medicaid reimbursements are available for abortion services because of the prohibitions on the use of federal funds for abortion under the Hyde Amendment. As such, the State would bear the entire fiscal impact.

The OLS anticipates that requiring the State Health Benefits Program and the School Employees' Health Benefits Program to provide coverage for family planning and reproductive health care services, including genetic testing, without cost sharing for in-network care will increase annual costs to the State by up to \$4.1 million and annual costs to local governments by up to \$1.3 million. The OLS does not have the information to determine the number of prenatal genetic tests administered to persons covered under the State Health Benefits Program and School Employees' Health Benefits Program each year, but notes that plan paid coverage for such services is currently limited. Data from national and other state sources indicate that up to fifty percent of pregnant persons may choose to undergo prenatal genetic screening.

The OLS does not expect that the bill's provisions regarding coverage for abortion services will impact costs for the State Health Benefits Program or School Employees' Health Benefits Program. Currently, both programs cover the cost of in-network elective abortions at 100 percent after a \$30 copay. Out-of-network care is covered at 70 percent and the out-of-network deductible

is applied to the covered person's cost share. The OLS does not have the information to determine the number of procedures covered by the State Health Benefits Program and School Employees' Health Benefits Program annually, but concludes that the overall cost increase to the programs for abortion services will be minimal.

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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.).