LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 4299

STATE OF NEW JERSEY
221st LEGISLATURE

DATED: JANUARY 15, 2026

SUMMARY

Synopsis: Creates Health Care Cost Containment and Price Transparency Commission, Office of Healthcare Affordability and Transparency, and hospital price transparency regulations.

Type of Impact: Annual State expenditure and revenue increases.

Agencies Affected: Department of Health.

Office of Legislative Services Estimate

Fiscal Impact	Annual
State Expenditure Increase	Indeterminate
State Revenue Increase	Indeterminate

- The Office of Legislative (OLS) concludes that State expenditures will increase by an indeterminate amount under this bill. Costs incurred under the bill will be related to bill's provisions regarding the Office of Healthcare Affordability and Transparency and the Health Care Cost Containment and Price Transparency Commission, which codify various components found in recent executive orders.

- The OLS notes the FY 2026 Appropriations Act provides $1.0 million in State funding to support the operations of the existing office, first established in 2020. To the extent that current efforts overlap with requirements mandated under the bill, the costs incurred by the State will be minimized.

- The Department of Health may also experience increased, indeterminate expenditures under the bill in the form of salary and benefits provided to staff to monitor and enforce compliance with federal hospital price transparency requirements. The federal Centers for Medicare and Medicaid Services is the federal enforcement authority for these requirements. To the extent that the department can utilize federal data to comply with the State-level enforcement provisions required under the bill, costs will be minimized.

- State revenue under the bill will increase by an indeterminate amount in the form of penalties collected from health care entities who are found to be non-compliant with the bill's provisions. The nature, fine amount, and number of such infractions are all unpredictable and, therefore, the amount of revenue that would be generated each year is indeterminate.

BILL DESCRIPTION

This bill establishes the Office of Healthcare Affordability and Transparency, the Health Care Cost Containment and Price Transparency Commission, and hospital price transparency oversight.

This bill codifies the existing Office of Health Care Affordability and Transparency in the Department of Health. Under the bill, the Governor is to appoint an Executive Director of the office and the office is to provide support, staffing, infrastructure, and expertise to the Health Care Cost Containment and Price Transparency Commission, as established under the bill, and to comprehensively address health care cost growth while also establishing data analytics and public reporting mechanisms to ensure healthcare affordability, informed policymaking, and access for future generations. The office is to establish guidelines for health care entities to submit necessary data regarding expenditures and pricing to perform a yearly evaluation and to publish relevant data publicly.

This bill newly establishes the 18-member Health Care Cost Containment and Price Transparency Commission in, but not of, the Department of Health. Each member of the commission is to receive paid time off to participate in commission activities, and to be reimbursed for expenses incurred in the performance of commission duties. The purpose of the commission is to: monitor, analyze, and contain health care prices by identifying drivers of health care cost growth; establish and adopt a health care cost growth benchmark, based on the Healthcare Affordability, Responsibility, and Transparency Program, and a hospital price growth benchmark; identify health care entities that exceed the benchmark or benchmarks; and address increases in excess of the benchmark or benchmarks, including the imposition of civil penalties on applicable entities. The commission is to impose civil penalties on health care entities that either fail to respond to the commission's request to submit a corrective action plan or comply with the requirements of a corrective action plan.

The bill provides that the Department of Health is to require hospitals to be in compliance with federal hospital price transparency requirements and provide a written warning notice to, or request a corrective action plan from, any hospital that is not in compliance with these federal requirements. A hospital is to be prohibited from attempting to collect a medical debt from a patient if the hospital is not, at the time of providing medical services to the patient, in compliance with the provisions of this bill. A hospital that fails to act in accordance with the provisions of this bill is to be liable to a civil penalty of $10 per day per hospital bed for each offense.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the State expenditures will increase by an indeterminate amount under this bill. Costs incurred under the bill will be related to bill's provisions which establish the Office of Healthcare Affordability and Transparency and the Health Care Cost Containment and Price Transparency Commission. The OLS notes that the bill codifies various components of recent executive orders regarding: the existing Office of Health Care Affordability and Transparency; the Health Care Affordability, Responsibility, and Transparency Program; and the Health Care Affordability Interagency Working Group. Additionally, the FY 2026 annual appropriations act provides $1.0 million in State funding to support the operations of the office, first established in 2020. To the extent that these existing efforts overlap with the requirements mandated under the bill, the costs incurred by the State will be minimized.

The Department of Health may also experience increased, indeterminate expenditures under the bill in the form of salary and benefits provided to staff to monitor and enforce compliance with federal hospital price transparency requirements. The Centers for Medicare and Medicaid Services is the federal enforcement authority for these requirements. To the extent that the department can utilize federal data to comply with the State-level enforcement provisions required under the bill, costs will be minimized.

State revenue under the bill will increase by an indeterminate in the form of penalties collected from health care entities who are found to be non-compliant with the bill's provisions. Penalties may be issued for the following: price increases by a health care entity in excess of benchmarks established under the bill; failure by a healthcare entity to submit, or comply with, the requirements of a corrective action plan established under the bill; or failure by a hospital to comply with federal hospital price transparency requirements. The nature, fine amount, and number of such infractions are all unpredictable and, therefore, the amount of revenue that would be generated each year is indeterminate.

Office of Health Care Affordability and Transparency

The OLS concludes that the State may incur costs under the bill to codify the Office of Health Care Affordability and Transparency, which was first established in the Governor's Office in 2020, with the objective of guiding the State's work on health care affordability and accessibility for consumers and cost transparency. The office is led by a director and is supported in FY 2026 by a $1 million State appropriation. The office is responsible for developing policy initiatives and programs to advance these goals, such as the Health Care Affordability, Responsibility, and Transparency (HART) Program. The HART Program, established under Executive Order No. 277, sets targets to slow the growth of health care costs in New Jersey and collects data to measure progress and improve transparency. In September 2024, under the HART Program, the office issued two health care cost driver reports and one healthcare benchmark report. Executive Order No. 377 transferred the office to the Department of Health in 2025, which is where the office is to be located under the bill. It is possible that the office will be able to comply with the provisions of the bill without incurring any additional State expenses due to these existing efforts.

Health Care Cost Containment and Price Transparency Commission

The OLS estimates that the DOH will incur costs to support the newly established Health Care Cost Containment and Price Transparency Commission. Expenditures will result from payment to commission members for paid time off and reimbursement of expenses, as it relates to their involvement in commission activities. The OLS notes that there is an existing Interagency Working Group and Health Care Affordability Advisory Group, both established by Executive Order No. 217 in 2021. The Interagency Working Group is tasked with, among other things,

leveraging the State's existing data resources and identifying strategies for enhancing and integrating State data resources to develop cost-growth benchmarks and to utilize the data to identify cost drivers. The focus of the Advisory Group's work is to provide feedback to the Interagency Working Group on the establishment of these benchmarks. It is possible that these existing entities will help support the efforts of the commission, thereby minimizing certain costs incurred by the commission under the bill.

Enforcement of Federal Hospital Price Transparency Requirements

The Federal Hospital Price Transparency Requirements, which went into effect in 2021, mandate hospitals to publish a machine-readable file with gross charges, cash rates, and payer-specific negotiated rates for all items and services, as well as a consumer-friendly shoppable services file or price estimator tool. The provisions of the bill requiring the Department of Health to monitor and enforce compliance with these rules overlap the current efforts of the federal Centers for Medicare and Medicaid Services. For hospitals that do not comply with these rules, the federal agency may issue a warning notice, request a corrective action plan, or impose a civil monetary penalty. To date, the federal agency has issued 45 warning notices, 41 corrective action plan requests, and 1 civil monetary penalty to New Jersey hospitals. To the extent that the department can utilize federal data to support the enforcement efforts mandated under the bill, costs will be minimized.

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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.).