LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 374

STATE OF NEW JERSEY
222nd LEGISLATURE

DATED: NOVEMBER 5, 2026

SUMMARY

Synopsis: Requires health benefits coverage for treatment of lipedema.

Type of Impact: Annual expenditure increase to State and local government employers.

Agencies Affected: Division of Pensions and Benefits in the Department of the Treasury; certain local government employers; Department of Banking and Insurance.

Office of Legislative Services Estimate

Fiscal Impact	Annual
State Expenditure Increase for SHBP	$13.7 million
Local Expenditure Increase for SEHBP/SHBP	$19.3 million
Total Expenditure Increase for SHBP/SEHBP	$33.0 million
Local Expenditure Increase for Private Market Insurance	Indeterminate

- The Office of Legislative Services (OLS) estimates that requiring the State Health Benefits Program and the School Employees' Health Benefits Program to provide health insurance coverage for treatment of lipedema will annually increase State expenditures by approximately $13.7 million and participating local government expenditures by approximately $19.3 million, for a combined total annual expenditure increase of $33.0 million. The OLS notes that costs may be lower depending on the frequency with which members undergo treatment.

- The OLS notes that the State Health Benefits Program and the School Employees' Health Benefits Program currently provide coverage for lipectomies and associated appointments, medical nutrition therapy, and mental health care, as long as the service receives precertification.

- Local government employers, including school districts which provide employee health insurance coverage through the private market, could also experience an indeterminate increase in annual costs.

BILL DESCRIPTION

This bill requires health benefits coverage for the treatment of lipedema.

Under this bill, the State Health Benefits Commission and the School Employees' Health Benefits Commission would be required to provide coverage for the treatment of lipedema, including compression garments for all of the covered person's affected extremities, manual lymphatic drainage, medical nutrition therapy, mental health care, lipectomies that are determined to be medically necessary by the covered person's surgeon, and pre-and post-lipectomy appointments with the covered person's physician and surgeon.

The bill requires covered persons to provide a carrier with documentation from the covered person's physician diagnosing the covered person with lipedema and, if applicable, documentation from the covered person's surgeon supporting the diagnosis and providing information on the number of lipectomies deemed medically necessary.

The bill also provides that prior authorization granted by a carrier for a lipectomy must be in accordance with prior authorization requirements established pursuant to the Ensuring Transparency in Prior Authorization Act.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that requiring the State Health Benefits Program and the School Employees' Health Benefits Program to provide health insurance coverage for treatment of lipedema will annually increase State expenditures by approximately $13.7 million and participating local government expenditures by approximately $19.3 million, for a combined total annual expenditure increase of approximately $33.0 million. The OLS notes that costs may be lower depending on the frequency with which members undergo treatment. Local government employers, including school districts which provide employee health insurance coverage through the private market, could also experience an indeterminate increase in annual costs.

Current trends indicate that about 11 percent of adult women in the United States have lipedema. Medical literature finds that lipedema is extremely rare for men. Out of the adult women who have lipedema, or are experiencing symptoms of lipedema, only 53 percent of these women receive a proper diagnosis from a physician or physical therapist. Based on these factors, a total of approximately 16,000 women covered under the State Health Benefits Program and the School Employees' Health Benefits Program would be expected to seek treatment for lipedema. Under the bill, the State Health Benefits Program is estimated to provide coverage for approximately 9,300 women seeking treatment for lipedema, with 6,600 women covered by the State part and 2,700 being covered by the local part. The School Employees' Health Benefits Program is estimated to provide coverage for approximately 6,700 women seeking treatment for lipedema.

The OLS notes that some treatment options for lipedema which are required to be covered under the provisions of the bill are already covered by the State Health Benefits Program and the School Employees' Health Benefits Program, as long as the service receives precertification. This includes lipectomies and associated appointments, medical nutrition therapy, and mental health

care. The bill extends coverage to treatment options for lipedema, including compression garments and manual lymphatic drainage sessions. On average, compression garments for lipedema cost $200 per year, which includes the cost of replacement every six months. Manual lymphatic drainage sessions cost approximately $155 per session, with an average frequency of one session per month. The frequency of manual lymphatic drainage sessions often varies and may increase before or after a person has a lipectomy.

Under the bill, the cost of the expanded coverage for treatment of lipedema is approximately $2,000 per woman, leading to an increase of State expenditures by approximately $13.7 million and local government expenditures by approximately $19.3 million, for a combined total annual expenditure increase of approximately $33.0 million. The OLS does not know the exact extent to which the programs will cover the treatment of lipedema, as this will depend on decisions made by the State Health Benefits Commission and the School Employees' Health Benefits Commission. Factors such as whether the benefit programs will provide coverage for a certain number of manual lymphatic drainage sessions and whether there will be a monetary limit to coverage related to the treatment of lipedema will impact costs for the State and participating local governments.

Section:	*State Government*
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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.).