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New Jersey Department of Banking and Insurance
Testimony on Fiscal Year 2023 Budget
Senate Budget and Appropriations Committee

Good afternoon Chairman Sarlo, Vice Chair Cunningham, and members of the Senate Budget and Appropriations Committee. I am pleased to be here to present the Fiscal Year 2023 budget for the Department of Banking and Insurance and to share the work that our department has been doing.

Our mission at the department is to regulate the banking, insurance, and real estate industries. We do this in a manner that protects and educates consumers and promotes the growth, financial stability, and efficiency of those industries. The department also operates New Jersey's state-based health insurance exchange, Get Covered New Jersey.

The Fiscal Year 2023 budget for the department totals \$90.3 million. As you know, the department is generally funded by the industries it regulates. As I reported last year, and again this year, the department's operational budget remains largely flat.

Our adjusted budget for Fiscal Year 2022 is \$89.5 million. The department's operational budget for Fiscal Year 2023 is \$65.3 million.

The department's budget continues a \$25 million appropriation to help residents access quality, affordable health insurance through our state-based exchange, bringing our total budget to \$90.3 million.

As we are all aware, we are coming off a couple of very challenging years resulting from the unprecedented global public health crisis caused by COVID-19.

The department did a lot of work during the height of the pandemic and over the last couple of years, working with the Governor's Office and industry, to provide relief to residents and businesses.

That work included providing relief to homeowners, student loan borrowers, residents, and businesses.

DEPARTMENT COVID-19 RESPONSE

As we reported last year, some of the specific actions taken by the department were to work with financial institutions to provide mortgage relief to residents who needed assistance. We worked with financial institutions to provide stimulus payment protection for residents receiving relief under the American Rescue Plan Act, and worked with student loan servicers to provide relief to borrowers who were struggling during the pandemic.

We required that property and casualty insurance carriers, and others, provide premium reductions to their policyholders.

Among other actions, the department also made clear to insurance carriers that COVID-19 diagnostic testing must be covered without out-of-pocket costs to the consumer, and the COVID-19 vaccine must be covered without cost sharing.

I want to thank all of you for your support for our work, and everything you and your staff did and continue to do in responding to the needs of the residents of the state.

Today, I am pleased to discuss the department's priorities, and will start by providing an overview of our work as it relates to the state's official health insurance marketplace, Get Covered New Jersey.

GET COVERED NEW JERSEY

NJ is fortunate to have a Governor and legislators that have made health care accessibility and affordability a top priority.

Our state-based health insurance exchange launched in November of 2020 in the midst of the pandemic, which was a critical time to open and allowed us to provide residents access to quality, affordable health insurance when they needed it most.

New Jersey established our marketplace at a time when the Affordable Care Act was under attack by the previous federal administration, which shortened the enrollment window and cut funding for outreach, enrollment assistance, and advertising meant to raise awareness about available health coverage options.

Creating our own health insurance marketplace meant greater flexibility and control for New Jersey's residents. The department extended the open enrollment period from six weeks under the federal government to three months, allowing more time for our residents to get covered. We also created a special enrollment period to allow pregnant women to gain coverage at any time of the year through Get Covered New Jersey.

As we worked to tailor the marketplace to the needs of New Jersey residents, we also undertook efforts to create awareness of and drive enrollment in Get Covered New Jersey. The department launched and continues to implement a statewide, multi-channel advertising campaign with assets in both English and Spanish to educate the public about the availability of health coverage through the marketplace.

We also greatly expanded our network of community organizations that serve as Navigators, which provide assistance to New Jerseyans, and ensure that they can get the health coverage and care they deserve. Currently 18 organizations perform outreach and offer free assistance to residents to help them shop and compare plans, that is up from just one

Navigator in 2020 when we were on the federal exchange. Additionally, residents can access our call center which provides help in a variety of languages.

Our state-based exchange serves as a foundation for innovation in health coverage, and when we launched, New Jersey made available state subsidies, called New Jersey Health Plan Savings that have helped to lower the cost of health insurance even more for residents in our state. By doing so, New Jersey cemented its self as a nationwide leader, joining only a handful of states to offer state subsidies and the only state in the country to open their state base exchange with additional financial help, ensuring greater affordability for hundreds of thousands of New Jerseyans.

This past year, we built on that foundation. The American Rescue Plan Act, signed by President Biden in March of 2021, significantly increased the amount of financial help available to consumers and removed the income cap to receive assistance.

The additional savings allowed New Jersey to increase the amount of state subsidies available to eligible consumers and to extend the state savings to residents at higher income levels for the first time, allowing those earning an annual salary of up to 600 percent of the Federal Poverty Level (\$77,280 for an individual and \$159,000 for a family of four) to receive state assistance, up from the initial state subsidy threshold of 400 percent of the Federal Poverty Level (\$51,040 for an individual and \$104,800 for a family of four).

Since launching our own exchange in 2020, and over the past year, we have continued to see its success grow.

RECORD ENROLLMENT FINANCIAL HELP & AFFORDABILITY

In February, we announced that New Jersey saw a record number of residents sign up for health coverage through Get Covered New Jersey during the last Affordable Care Act Open Enrollment Period – we saw an increase of 20 percent compared to last year — as residents benefited from increased affordability from expanded federal financial help through the American Rescue Plan Act and increased and expanded state subsidies that we were able to offer.

As of January 31st, 2022, a total of 324,266 residents signed up for 2022 health coverage with Get Covered New Jersey.

Enrollment increases were particularly notable in New Jersey’s minority communities. There was a 102 percent increase in enrollment among the Hispanic population compared to 2021, and there was a 34 percent increase in enrollment among the African American residents in the state compared to last year.

New Jerseyans received historic levels of financial help and the average amount of financial help received during the Open Enrollment Period was \$545 per person each month in savings, compared to \$485 a month last year, during the Open Enrollment Period for coverage in 2021.

Because of the efforts of the Governor and legislature, affordability of coverage has increased significantly since last year.

Now, nine in 10 people enrolling in a health plan at Get Covered New Jersey qualify for financial help, and most can find a plan for \$10 a month or less.

Thirty-two percent of enrollees will pay less than \$10 per month for coverage compared to 13 percent last year.

Twenty-eight percent of enrollees will pay \$1 or less per month for coverage compared to seven percent previously.

This affordability enabled 81 percent of consumers to enroll in silver or gold plans that offer better protection from unexpected out-of-pocket costs. These out of pocket costs decreased by \$60 per person per month or yearly \$720 person compared to 2021.

That is work we can all be proud of as a state, and it is because of the \$25 million appropriation provided in the current budget, and continued in the proposed Fiscal Year 2023 budget, that we were able to improve access to quality, affordable health insurance for our residents.

EXPANDED ACCESS SPECIAL ENROLLMENT PERIOD & GREATER ACCESSABILITY TO AFFORDABLE COVERAGE

Recognizing that the impacts of the pandemic are still with us, we continue to strive to increase accessibility of health coverage for residents.

As part of his goal to continue to advance health equity and affordability, Governor Murphy recently introduced a new “Expanded Access” initiative, which allows residents at certain income levels to continue to enroll in free or nearly free health coverage through Get Covered New Jersey outside of the annual Open Enrollment Period.

The new Expanded Access Special Enrollment Period allows qualifying consumers with an annual household income of up to 200 percent of the federal poverty level (\$25,760 for an individual and \$53,000 for a family of four), to enroll in a health plan throughout the year. Because of the increased financial help available, this population has access to plans with low or no monthly premium.

RESPONSE TO FEDERAL ACTIONS: SURPRISE BILLING & MEDICAID UNWINDING

As we began the new year, we also focused on federal policies that impact New Jersey.

Thanks to the work of this Legislature and Governor Murphy, the State was a leader in implementing surprise billing protections in 2018. The landmark state law removed patients from surprise billing situations, increased transparency by carriers and providers, and likely contributed to a reduction in costs for out-of-network claims in New Jersey.

Following our actions, the federal government passed its own law, the No Surprises Act, implementing a ban on surprise billing that took effect on January 1st of this year.

The department issued a bulletin in December providing the industry and consumers with information on how the federal law would be implemented in New Jersey.

Our state law remains in place, and will continue to operate and be enforced by the department for state-regulated plans and self-funded plans that opt-in to the state arbitration process. The federal departments of Health and Human Services, Labor, and Treasury will enforce the provisions of the Federal Act. That means that federally regulated plans, including self-funded plans that have not opted into applicable portions of the New Jersey law, will be subject to the federal process.

The department, along with the Department of Human Services, is also closely monitoring the status of the Public Health Emergency at the federal level and its impact on the state.

We know that once the Public Health Emergency expires at the federal level, it will trigger action by the State to determine if residents who had Medicaid coverage during the pandemic and were able to remain on

Medicaid as a result of the PHE, are still eligible or need to transition to coverage through another program.

The state-based exchange may be the right place for some of those enrollees to access alternate quality, affordable coverage and we will be coordinating with DHS to assist those residents with their health insurance needs.

Ultimately, our goal as a state is to make sure residents have access to the coverage they need and deserve, whether that is through Medicaid, the state-based exchange, or another program.

DEPARTMENT REGULATED ENTITIES

Now that we have provided an overview of some of our work, I would like to shift gears and give you a brief update on the industries we regulate.

In total, the Department oversees more than 300,000 state-chartered banks and state-chartered credit unions, insurance and real estate companies, as well as individual licensees.

In auto insurance, we have a total of 79 auto insurers doing business in New Jersey.

In homeowners' insurance, we have 135 carriers in total selling policies in the state.

In the health sector, we have five carriers offering individual coverage. A new carrier joined the market for Plan Year 2022, and we now have four carriers selling health insurance to New Jersey residents through the Marketplace, and four carriers offering small employer coverage.

In real estate, the total number of licensees in 2021, was 96,081 and as of this month there are 99,075 licensees.

In summary, New Jersey has competition in auto and home insurance, and 16 admitted carriers offering private flood insurance; in banking, our financial institutions, which provide financial services and lending options to our residents, are in sound condition; and our real estate licenses are trending upward.

Another key priority for us is consumer protection. The department receives thousands of complaints annually, and during the COVID-19 pandemic, we continued to investigate these complaints and pursue appropriate remedies for consumers.

The department also works to respond during crises to assist our residents. After Hurricane Ida struck New Jersey in September of last year, our employees staffed FEMA Disaster Recovery Centers to provide information and resources about the insurance claim process to residents affected by the storm.

The department is also responsible for implementing laws that are critical to consumers.

The department now licenses and regulates private student loan servicers and mortgage servicers under laws signed several years ago. That has meant improved oversight of servicers that allows the department to more effectively investigate and address consumer complaints.

We are committed to continuing to provide consistent regulation that contributes to an environment in which industry can succeed. We are also dedicated to continuing our work to ensure that residents of this state are protected and that they have access to the products and services they deserve.

Thank you for the opportunity to present the department's budget. I look forward to your questions.