

Financing Health Care Reform in New Jersey; The Affordability Challenge

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Presentation Overview

- The Challenge of State Health Care Reform
- A Unique New Jersey Context
- Health Care Reform Costs Money
- How Consumers Care About Affordability
- Achieving Success in Expanding Affordable Health Care

The Challenge of State Health Care Reform

- Uncertain state capacity to tackle financing reform
 - > Fiscal conditions – public and private
 - > Regulatory environment
 - > Leadership and power
- Role of business and employers
 - > Limits of voluntary inducements
 - > Variation in size, benefits, and stability
 - > Border crossing threat (mandate, tax)
- Intersection of Federal laws and funding – IRS, ERISA, Medicaid, Medicare
- Funding package often proves to be neither adequate nor secure

A Unique New Jersey Context

- High health care costs for all sectors
- Uneven health system performance
- Increased value and system improvement essential

Health Care Reform Costs Money

- Funding sources – individuals, employers, government
- Reform will be costly (hidden tax & hospital subsidies notwithstanding)
- Cost containment, cost shifting, and investment in system improvements
- Which stakeholder bears the risk of cost increases, adverse selection, revenue decreases, tax increases, etc.
- Finding revenue source is a shared responsibility
 - > Creative taxation, close loopholes
 - > Extraction from providers, insurers & firms
 - > Mandating insurance market constraints
 - > Cost-sharing by individuals & affordability
- At end of day, how to measure success? Cost of doing nothing?

Affordability Concerns for Consumers

- Have maximum thresholds for total health payments
- Limit premium costs for those with no subsidy
- Assure adequate and secure benefit packages
- Make system improvements and cost containment a priority
- Commit to assurance of affordable quality health care

Achieving Success

Create a “**culture of coverage**” within New Jersey

Individuals, businesses (small and large), and government understand the importance of investing in both coverage and evidence-based health care for state residents and the future of the state's economy.