

A-3456

Brief Description:

Lowers minimum employee participation rate of small employer health benefits plans to 50% for groups with 2 to 10 members

Bill #/Sponsor(s):

Cohen (D20) (D- Elizabeth City, Kenilworth Borough, Roselle Borough, Union Township)

Reasons to Support:

- This approach utilizes employer sponsored health insurance.
- The bill may improve smaller employers' ability to offer coverage.
- The bill may encourage smaller employers to offer health coverage that previously couldn't qualify due to low participation.
- This approach is a cost effective alternative to Individual health programs.

Reasons to Oppose:

- The burden of the adverse selection is already causing the SEH Program to lose membership due to increasing costs on the employers that meet the current qualifications under the SEH market.
- Relaxing the participation guidelines will remove the incentive that small employers have to provide coverage for 75% of their employees. There is a risk in lowering the participation that smaller employers will offer the coverage to just their upper management of the business. This will cause more loss of coverage in the long run.
- The loss of covered lives in the Individual market will cause the individual pricing to continue to rise.

NJAHU Position:

OPPOSE

For the reasons noted above, NJAHU opposes this bill. Our most recent experience in the NY market shows that when participation by carrier is enforced the carriers lower the premium by 4-7% because of less adverse selection.

Status:

10/19/2006 – Introduced and referred to Assembly Financial Institutions and Insurance Committee



Legislative Briefing