

Update: *King v. Burwell* Poses Huge Threat to New Jersey

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A case that will soon be decided by the U.S. Supreme Court could result in the loss of over a half billion dollars in federal tax credits that 172,000 New Jerseyans use to make health insurance affordable, a major increase in premiums for everyone in the individual insurance market and the loss of insurance for over 200,000 residents.

At issue in *King v. Burwell* is whether federally funded tax credits and cost sharing under the Affordable Care Act (ACA) can continue in the 34 states that did not set up a state marketplace. Unfortunately, this latest action is more about partisan politics than health care reform, and if the court rules in favor of the plaintiffs the real losers would be the many New Jerseyans already benefiting from the ACA. The ACA has already helped reduce New Jersey's adult uninsurance rate by an estimated 21 percent.¹

Insurance Could Become Unaffordable for Thousands of New Jerseyans

- As of March 31, there were 208,467 New Jerseyans who enrolled in a plan in the marketplace. About 83 percent of them, or 172,345, received a tax credit to help pay for their insurance. These credits could be taken away from them, making insurance unaffordable.
- The average New Jerseyan with a tax credit for insurance would lose \$3,756 and the total loss for everyone would be about \$648 million in federal funds in just the first year. The per-person loss in New Jersey would be much higher than in most other states because the average credit is eleventh highest in the nation.

Insurance Costs for Everyone in the Individual Market Could Increase

- Insurance costs to the 308,000 New Jerseyans in the individual market could increase by 47 percent if tax credits are eliminated.² In New Jersey that means the average premium would rise to \$8,489 from \$5,772. This estimate is conservative; some researchers estimate that premiums could even double.³
- This would most harm New Jerseyans already paying the full cost of insurance, including 36,000 who purchased insurance in the marketplace without a tax credit and 100,000 who purchased insurance outside the marketplace.

- These increasing costs would likely mean only the sickest keep their insurance, driving costs up even further and resulting in a “death spiral” that could lead to the collapse of the individual market.

The Number of Uninsured Could Climb

- Up to 70 percent of everyone with individual-market insurance, both in and out of the marketplace, could become uninsured.⁴ In New Jersey, that equals 216,000 residents losing insurance – a huge reversal in the progress that’s been made under the ACA.

New Jersey’s Entire Health Care System Could Be Harmed

- Many health care providers throughout the state could be adversely affected. Thousands of primary care doctors, specialists, mental health providers, community health centers and others could lose many of their patients and be denied reimbursement for services provided in the month that their insurance was cancelled.
- Hospitals could be hit especially hard. In anticipation of more insured New Jerseyans, both the state and the federal governments are planning major cuts to hospitals (the governor’s budget reduces total funding for charity care by \$148 million). Combined with a surge of uninsured people going to emergency rooms for regular care, the impact could be financially devastating for hospitals.

Ruling Could Affect New Jerseyans in All Parts of the State

King v. Burwell Could Hurt New Jerseyans All Over the State
Residents in every county would lose crucial tax credits

County	People Who'd Lose Tax Credits	Amount of Tax Credits Lost	County	People Who'd Lose Tax Credits	Amount of Tax Credits Lost
Atlantic	6,065	\$22.8M	Middlesex	16,417	\$61.7M
Bergen	21,952	\$82.5M	Monmouth	12,312	\$46.2M
Burlington	7,963	\$29.9M	Morris	9,235	\$34.7M
Camden	10,295	\$38.7M	Ocean	10,575	\$39.7M
Cape May	2,382	\$8.9M	Passaic	10,014	\$37.6M
Cumberland	1,825	\$6.9M	Salem	834	\$3.1M
Essex	14,285	\$53.7M	Somerset	5,946	\$22.3M
Gloucester	5,217	\$19.6M	Sussex	2,978	\$11.2M
Hudson	13,118	\$49.3M	Union	10,603	\$39.8M
Hunterdon	2,674	\$10.0M	Warren	1,972	\$7.4M
Mercer	5,747	\$21.6M			

Source: NJPP analysis of Enroll America data on enrollment, prorated based on number of individuals who enrolled and paid premiums through March 31.

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- The negative effects of King v. Burwell would be pretty evenly distributed throughout the state, since the mostly moderate-income New Jerseyans eligible for tax credits live everywhere.⁵

- The counties with the most residents in harm’s way are Bergen, Middlesex and Essex, while those with the least are in lightly-populated Salem, Cumberland and Warren. These counties would also lose the most and least amount of federal dollars, creating a significant economic hole in *all* counties and resulting in many lost jobs.

Impact Transcends Political Party

- New Jerseyans in solidly Republican and solidly Democratic Congressional districts would be affected equally, suggesting that this *should* be a nonpartisan issue.
- As of March 30, there were an estimated 86,363 New Jerseyans in Republican districts who received tax credits in the marketplace, compared to 85,982 in Democratic districts.

District & Representative	People Who'd Lose Tax Credits	Amount of Tax Credits Lost
1: Donald Norcross (D)	14,531	\$54.6M
2: Frank LoBiondo (R)	14,096	\$52.9M
3: Tom MacArthur (R)	13,393	\$50.3M
4: Chris Smith (R)	16,394	\$61.6M
5: Scott Garrett (R)	13,855	\$52.0M
6: Frank Pallone (D)	14,602	\$54.8M
7: Leonard Lance (R)	14,036	\$52.7M
8: Albio Sires (D)	14,455	\$54.3M
9: Bill Pascrell (D)	16,762	\$63.0M
10: Donald Payne (D)	12,224	\$45.9M
11: Rodney Frelinghuysen (R)	14,589	\$54.8M
12: Bonnie Watson Coleman (D)	13,408	\$50.4M
Republican Districts	86,363	\$324.4M
Democratic Districts	85,982	\$322.9M

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Endnotes

¹ Gallup, *Arkansas, Kentucky See the Most Improvement in an Uninsurance Rates*, February 2015. <http://www.gallup.com/poll/181664/arkansas-kentucky-improvement-uninsured-rates.aspx>

² RAND Corporation, *The Effects of Eliminating the Affordable Care Act's Tax Credits in Federally Facilitated Marketplaces*, January 2015. http://www.rand.org/pubs/research_reports/RR980.html

³ Kaiser Family Foundation, *State-By-State Effects Of A Ruling For The Challengers In King Versus Burwell*, March 2015. <http://kff.org/interactive/king-v-burwell-effects/>

⁴ Ibid 2

⁵ Those with incomes between 138 and 400 percent of the federal poverty level are eligible for tax credits. This equals between \$33,465 and \$97,000 for a family of four.