

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

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A case coming before the U.S. Supreme Court this week could disrupt the nation's health care system and result in the loss of insurance for over 200,000 low-income and middle-class New Jerseyans.

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.

Insurance Could Become Unaffordable for Hundreds of Thousands of New Jerseyans

- As of February 15, there were 253,000 New Jerseyans who selected a plan in the marketplace. About 84 percent of them, or 210,000, 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 \$3,708, and the total loss for everyone would be about \$780 million in federal funds.

Insurance Costs for Everyone in the Individual Market Could Increase

- Insurance costs to consumers in the individual market could increase by 47 percent if tax credits are eliminated.¹ In New Jersey that means the average premium would rise to \$8,489 from \$5,772.
- This would most harm New Jerseyans already paying the full cost of insurance, including 42,000 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.² In New Jersey, that equals 246,000 residents losing insurance – a huge reversal in the progress that’s already 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.

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 January 16, there were 88,313 New Jerseyans in Republican districts who received tax credits in the marketplace, compared to 87,924 in Democratic districts.

District & Representative	People Who'd Lose Tax Credits	Amount of Tax Credits Lost	People Who Could Lose Insurance
1: Donald Norcross (D)	14,860	\$55.1M	17,690
2: Frank LoBiondo (R)	14,414	\$53.4M	17,160
3: Tom MacArthur (R)	13,695	\$50.8M	16,304
4: Chris Smith (R)	16,764	\$62.2M	19,957
5: Scott Garrett (R)	14,167	\$52.5M	16,866
6: Frank Pallone (D)	14,932	\$55.4M	17,776
7: Leonard Lance (R)	14,353	\$53.2M	17,087
8: Albio Sires (D)	14,781	\$54.8M	17,597
9: Bill Pascrell (D)	17,141	\$63.6M	20,406
10: Donald Payne (D)	12,500	\$46.4M	14,881
11: Rodney Frelinghuysen (R)	14,918	\$55.3M	17,760
12: Bonnie Watson Coleman (D)	13,710	\$50.8M	16,322
TOTAL	176,237	\$653.5M	209,806

¹ Evan Saltzman, Christine Eibner, *The Effects of Eliminating the Affordable Care Act’s Tax Credits in Federally Facilitated Marketplaces*, RAND Corporation, 2015.

² Ibid 1