

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 3523
STATE OF NEW JERSEY
220th LEGISLATURE

DATED: DECEMBER 15, 2022

SUMMARY

- Synopsis:** Requires health insurers to cover colorectal cancer screenings recommended by United States Preventive Services Task Force and eliminates cost-sharing requirements for certain colonoscopies.
- Type of Impact:** No material impact on the State General Fund or local government funds in the SHBP and the SEHBP.
- Agencies Affected:** Division of Pensions and Benefits in the Department of the Treasury, local government entities in the SHBP and the SEHBP.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual Impact</u>
State Cost	No Material Impact
Local Cost	No Material Impact

This estimate considers the effects of the bill on the State Health Benefits Program and the School Employees' Health Benefits Program only.

- The Office of Legislative Services (OLS) estimates that this bill will have no material impact on the State Health Benefits Program or the School Employees' Health Benefits Program to eliminate cost sharing for coverage for certain colorectal cancer screenings for individuals who are 45 years of age and older, in accordance with the United State Preventive Services Task Force recommendations. This is because these services are already being provided, for the most part, without any cost sharing requirements in accordance with the federal Affordable Care Act. However, in some cases, individuals have been charged for prescriptions related to the procedure and for a portion of the procedure if the procedure is changed from preventive to diagnostic after the fact.
- According to the Plan Year 2023 Rate Renewal reports for the State Health Benefits Program and School Employees' Health Benefits Program, "Effective March 1, 2022, the recommended age for select preventive cancer screening is being lowered. This may increase utilization of preventive care but is deemed to have no significant impact on cost in this analysis."
- Similarly, the OLS surmises that there would be no material fiscal impact on the State Health Benefits Plan and the School Employees' Health Benefits Plan if cost sharing for

colonoscopies performed following a positive result on a non-colonoscopy, colorectal cancer screening test that is recommended by the United States Preventive Services Task Force were eliminated.

- The OLS finds that the bill's provisions will have no impact on the Medicaid program. As of January 1, 2013, per Section 4106 of the federal Affordable Care Act, states can receive a one percentage point increase in their federal Medicaid match rate for preventive services, including colorectal cancer screenings, if they cover without cost sharing all the adult preventive services. As such, since April 1, 2013, the New Jersey Medicaid program has covered colorectal cancer screenings, without cost-sharing, according to the recommendations of the United States Preventive Services Task Force.

BILL DESCRIPTION

This bill would require the State Health Benefits Commission and the School Employees' Health Benefits Commission to provide coverage for colorectal cancer screenings without imposing any cost sharing requirements on members who are receiving screenings in accordance with the recommendations of the United States Preventive Services Task Force. Cost sharing requirements would include deductibles, coinsurance, or copayments. In addition, the bill would require the State Health Benefits Commission and the School Employees' Health Benefits Commission to provide full coverage without any cost sharing requirements for colonoscopies performed following a positive result on a non-colonoscopy, colorectal cancer screening test that is recommended by the United States Preventive Services Task Force.

The federal Affordable Care Act requires health insurers to provide preventive health services at no cost to patients. However, since the passage of the act, some health insurers have been charging patients for colorectal screenings when the insurers deem the screening diagnostic and not preventative. For example, if an issue was found during a preventive screening, in some cases, the insurer would reclassify the procedure as diagnostic and would bill the patient.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that this bill will have no material fiscal effect on either the State Health Benefits Program or the School Employees' Benefit Program by eliminating cost sharing for certain colorectal cancer screenings for individuals who are 45 years of age and older in accordance with the United State Preventive Services Task Force recommendations because these screenings are already being provided, for the most part, without imposing cost sharing requirements. According to Horizon, "if a patient is 45 years of age or older and goes in-network for a preventive colonoscopy screening there are no cost sharing requirements: no copays, no coinsurance, and no deductibles." In addition, prior to the lowering of the age for selected preventive cancer screening

to 45, there were no cost sharing requirements for patients 50 years and older in accordance with the Affordable Care Act.

As a point of reference, based on the number of State employees who are in the 45 to 49 years of age category, as reported in the Civil Service Commission's 2020 State Government Workforce Profile, if all 9,064 individuals in this age group were to have a colonoscopy in the same year and were are in plans requiring cost sharing of \$15 copays for medical services, a \$15 copay for 9,064 billed preventive colonoscopies would be equal to \$135,960. The OLS does not have the breakout of the plan enrollment statistics of this population in the State Health Benefits Program, but total enrollment statistics in the Plan Year 2023 rate renewal report for the entire State Group indicate that 97 percent of all active employees in the SHBP are in plans that require a \$15 copay. Statistics of the number of individuals who are in the 45 to 49 years of age category and participate in the State Health Benefits Program local part or in the School Employees' Health Benefits Program were not available.

There are other considerations that may affect the cost sharing to the individual or the cost billed for a colonoscopy. The total cost of a colonoscopy includes a facility cost, a prescription drug cost, and potentially other additional costs such as anesthesia. Regarding facility costs, colonoscopies performed in hospitals are more expensive than colonoscopies performed in out-patient facilities. If the colonoscopy is performed at an in-network facility, Horizon indicates there is no cost sharing on the part of the member. Regarding medications prescribed for the preparation of the colonoscopy, in some instances individuals have been charged for this cost. In these cases, it is not clear if the prescribed medication is not covered or is not in the formulary. Charging for the prescription would reduce the cost to the plan for the colonoscopy.

According to the Plan Year 2023 Rate Renewal reports for the State Health Benefits Program and the School Employees' Health Benefits Program, "Effective March 1, 2022, the recommended age for select preventive cancer screening is being lowered. This may increase utilization of preventive care but is deemed to have no significant impact on cost in this analysis." The recommended age was lowered to 45 years of age from 50 years of age in May 2021. The OLS notes that if the increased utilization of the procedure is not deemed to have a significant impact, the cost sharing, which is considered to be covered, will also not have a significant impact.

The OLS surmises that there would be no material fiscal impact on the State Health Benefits Plan and the School Employees' Health Benefits Plan if cost sharing for colonoscopies performed following a positive result on a non-colonoscopy, colorectal cancer screening test that is recommended by the United States Preventive Services Task Force were eliminated. According to Michigan Medicine at the University of Michigan, colon and rectal polyps occur in about 25 percent of men and women ages 50 and older. If this rate is applied to the 37,165 active State employees who are 45 years of age or older as reported in the 2020 Workforce profile, the number of positive results for polyps would equal 9,291 and value of the cost sharing that would be eliminated, assuming a \$15 copay would be \$139,368.

The OLS finds that the bill's provisions will have no impact on the Medicaid program. As of January 1, 2013, per Section 4106 of the federal Affordable Care Act, states can receive a one percentage point increase in their federal Medicaid match rate for preventive services, including colorectal cancer screenings, if they cover without cost sharing all the adult preventive services. As such, since April 1, 2013, the New Jersey Medicaid program has covered colorectal cancer screenings, without cost-sharing, according to the recommendations of the United States Preventive Services Task Force.

Section: State Government

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).