

Top Health Care Priorities for the Next Governor of New Jersey

The New Jersey Health Care Quality Institute (“Quality Institute”) is a nonprofit, nonpartisan, membership organization. For over 25 years, the Quality Institute has worked to improve the safety, quality, and affordability of health care for everyone in New Jersey.

The next administration will play a critical role in health care policy, oversight and purchasing. The Quality Institute identified the top health care issues to expect, recommendations for action, and resources to support effective solutions.

1. Health Care Benefits Affordability

New Jersey has an affordability crisis across both its public employee health benefits system (referred to as “SHBP”) and the broader health insurance markets – where individuals and employers buy coverage. The cost of coverage for most employers continues to rise at double digit rates annually due to many factors including health system price increases, the excessive cost and demand for certain drugs, and market consolidation. Addressing these pressures requires focused, active management of these markets. The state must act to make health benefits more affordable to the state, employers, and individuals. Steps include making changes in SHBP management and new contracts to ensure that the state is leveraging transparency tools and its contracting power to get the best prices possible given its market power. New plan designs and payment models must be allowed in the state regulated insurance markets and supported to increase market options and competition.

Key Recommendations:

- **SHBP Management:**

- The division managing SHBP should be expanded and professionalized internally. Contracts with outside contractors should be tightened to ensure that the SHBP gets the best rates available. Where possible, the SHBP should contract directly to control those rates for higher cost settings and drugs. All relationships with Carriers, PBMs, or other entities serving as intermediaries between the SHBP and providers and/or patients must be compensated on a basis tied to health outcomes and appropriate cost reductions. The SHBP risk pools must be redesigned, with union engagement, working together to change the current flawed structure which creates perverse incentives for healthier groups to leave the SHBP. Plan design should focus on providing comprehensive, high quality, primary and preventive care to support long term health of the SHBP members. Increasing investment in primary care, including mental health, will benefit all New Jersey residents.

- **Revitalize Insurance Market Oversight and Flexibility:**

- The Department of Banking and Insurance (DOBI) plays a critical role in overseeing well-regulated fully insured markets. It needs to be revitalized to enforce network adequacy, prompt payment rules, Surprise Billing laws, ensure prior authorization is used appropriately, and to modernize the state regulated market rules to increase market options and competition in the individual and small group markets.

2. Reforming and Paying for Medicaid in the Face of Federal Policy Change and Cuts

Medicaid is a vital safety net for more than 1.8 million low-income residents. The recently passed federal budget bill will decrease federal funding of NJ FamilyCare by billions of dollars per year and impose work requirement documentation and shortened enrollment periods which are estimated to cause at least 227,000 people, about 12 percent of enrollees, in New Jersey to lose coverage. The State will be required to reduce provider taxes, creating a significant budget deficit in upcoming years.

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The law also bans Planned Parenthood, the largest provider of reproductive health, from receiving federal Medicaid funds, reducing a primary source of care for well woman care, contraceptives, and prevention and treatment of STDs. These sweeping changes will stress NJ health care providers, health centers, hospitals, and nursing homes, further exacerbating the state's health care affordability and access challenges. The state will need to invest its own funds and find ways to keep these providers' doors open. But the decreases in federal funding are so vast that cuts to coverage, essential health care services, and rates will be unavoidable and harmful.

Key Recommendations:

- **Modernize Medicaid's Operations to Best Maintain Enrollment and Access to Care:** Today's Medicaid enrollment and eligibility systems need to be upgraded to make enrollment and re-eligibility easier for everyone to do by mobile technology or at point of care. Technology upgrades including apps to support any federally imposed new requirements will be critical to reducing loss of coverage for as many people as possible. Once people are enrolled, it is critical for health plans to confirm their contact information and engage them to get them care and ensure maintenance of coverage. These steps are critical to the state budget and will support retention of more federal funds and decrease costs and burdens of manual enrollment. While these challenges are great, improving Medicaid's systems and the accuracy of beneficiary data is long overdue and needed to improve overall health access and quality.
- **Ensure that Primary and Preventive Care is Accessible to All:** To the extent that people do not have access to Medicaid coverage, they will still need care and should not wait until it is an emergency or only seek care from emergency rooms. The state must develop and fund a robust network of comprehensive primary care centers that are available based on a sliding fee schedule with access to free care for those who need it. This focus should be part of an overall focus for New Jersey to increase payments for high quality primary care.

3. Improving the State's Professional Licensing Processes and Department of Health's Licensing, Inspections, and Public Health Functions

The New Jersey Division of Consumer Affairs licenses health care professionals. The New Jersey Department of Health licenses and inspects health care facilities (from nursing homes, Ambulatory Care and Surgical Centers to hospitals). These inspections are critical to ensure public health and safety. It is also important that they be conducted on a regular basis, in a timely manner, to support access to safe care and to allow necessary growth of services. As robust inspections are done, the results should be publicly available in accessible formats for residents and policymakers to promote safety and accountability. These core functions need improvement and sustainable support. In addition, local health departments are taken for granted until there is an emergency but need sustainable funding and other support especially in the face of federal cuts to public health.

Key Recommendations:

- **The Department of Health must be strengthened to ensure comprehensive, timely inspections, licensing, and public transparency:** Inspections of licensed health care facilities must be comprehensive and ramped up to ensure that the public understands the safety and condition of facilities that residents rely on.
- **The Department of Health's website should post inspection and enforcement actions in usable formats:** The public should have easy access to this data to support making decisions about where to seek care and, through transparency, to add market pressure on facilities to improve the

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quality of their facility.

- **Professional and Facility Licensing Backlogs Must Be Cleared to Increase Access to Care:**

These delays restrict access and increase administrative costs of doing business.

- **Build Support for Local Public Health:** Local public health must be funded to support preventive health and education, including immunizations, and to ensure the state's emergency preparedness to address future health crises.
- **Review Health Information Network to Support Data Exchange:** The State's Health Information Network should be examined to determine what is needed to drive statewide participation and interoperability across payers, providers, and public health entities to improve care coordination, reduce duplication of services, and provide data for health care and public health.

4. Addressing New Jersey's Health Care Workforce Shortages

New Jersey is currently experiencing widespread health care workforce shortages across several key professions. These include primary care clinicians, nurses, mental health professionals, and workers in home care and nursing homes. These shortages are already limiting access to care and undermining the quality of services patients receive.

Several factors are contributing to the crisis: an aging workforce, widespread burnout, immigration policies, and wages that are often lower than those in other industries. While these challenges are not unique to New Jersey, the state faces particularly strong competition from neighboring states. New Jersey is at a disadvantage due to its high cost of living and its proximity to states that offer more attractive conditions for health care professionals to live and practice. Persistent barriers to education and training for new health care workers further compound the problem.

Key Recommendations:

- **Targeted Outreach and Recruitment:** Enhance access to health care careers through focused outreach and recruitment strategies. Support initiatives that build educational pipelines aligned with current and projected workforce needs. Emphasize attracting individuals to high-need specialties and settings, such as primary care, behavioral health, and long-term care.
- **Expanded Training Capacity:** Strengthen health care workforce training by investing in technical education programs and addressing critical bottlenecks. This includes increasing nurse faculty salaries to address shortages in teaching staff, expanding residency slots, and growing the number of clinical placement opportunities in areas experiencing the most severe workforce shortages.
- **Collect and Use Data to Strategically Fund Workforce Development:** Other States have a better understanding of their current workforce and needs. That data drives their workforce investments. New Jersey must pursue similar strategies to plan for the workforce we need.
- **Sustainably Fund Professional Licensing Systems:** Licensees' funds should be used for modernizing and sustaining efficient licensing and credentialing systems to reduce barriers to entry into the workforce. This includes investments in the professional boards and staff. Other state resources should be committed to supporting workforce development programs.

5. Strengthening New Jersey's Access to Primary Care and Mental Health

Access to primary care is essential for improving health outcomes, reducing health disparities, and lowering the overall cost of care. Access remains uneven, especially for Medicaid beneficiaries and in under-served areas. Fragmented systems, workforce shortages, and payment models that pay more for procedures and tests than time spent counseling patients on prevention continue to detour clinicians from practicing primary care. Other states are focusing on elevating primary care as a

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foundational component of the health care system by ensuring equitable access, increasing payments for primary care services (including OB, pediatrics, mental health, and oral health), and integrating these services into comprehensive primary care settings where the services are co-located, delivered in a team-based model, and made most convenient for patients to receive most of their care in one setting. New Jersey must make primary care central to its health care strategy.

Key Recommendations:

- **Re-balance Payments in Medicaid and Other State Regulated Insurance Programs to Increase Comprehensive Primary Care:** The State should include plan designs (in SHBP and Medicaid) to pay more for primary care and support the development of comprehensive primary care sites with co-located services including mental health. Comprehensive primary care requires team-based services, timely access, use of electronic health records and timely data, and reduces overall health care expenditures over time by addressing health conditions before they become worse.
- **Expand Primary Care Workforce Capacity:** Increase training programs, clinical placements, and incentives for primary care clinicians to train and stay in New Jersey.

Connect With Us:

Linda Schwimmer
President and CEO
lschwimmer@njhcqi.org

Kate Shamszad
Director of Policy
kshamszad@njhcqi.org

Tyla Minniear
Chief Operating
Officer
tminniear@njhcqi.org