



NEW JERSEY SENATE

JOSEPH F. VITALE

DEPUTY MAJORITY LEADER

SENATOR, DISTRICT 19 (MIDDLESEX)

569 RAHWAY AVENUE

WOODBIDGE, NEW JERSEY 07095

E-MAIL: senvitale@njleg.org

WEBSITE: www.senatorjoevitale.org

(732) 855-7441

FAX (732) 855-7558

COMMITTEES

CHAIRMAN:

HEALTH, HUMAN SERVICES

& SENIOR CITIZENS

MEMBER:

BUDGET AND APPROPRIATIONS

U.S. House of Representatives
Committee on Energy & Commerce
Subcommittee on Health Hearing
Tuesday, June 24, 2009

Testimony of Joseph F. Vitale
New Jersey Senate

Good afternoon, Chairman Pallone and members of the committee. My name is Joe Vitale. I serve in the New Jersey Senate as the Chair of the Health & Human Services Committee and as the Deputy Majority Leader.

I want to thank Chairman Pallone for inviting me to speak with you today but, more importantly for his leadership on this difficult to resolve, yet critical issue for our nation. Every member of this committee can be proud of your recognition that health care is a serious national priority. Your tireless work toward finding comprehensive reform is no less critical.

I would like to highlight for you some of the sentinel points in New Jersey's journey toward health care reform as well as my personal view as a state legislator leading health care reform, small business owner and private citizen of our efforts to expand

access to affordable and dependable health care. New Jersey has learned many lessons as we grappled with the complexity of reform over the past several years. Our state's reform efforts will benefit from the proposals being discussed in Washington.

When the SCHIP program was first adopted in 1998, New Jersey initially offered enrollment for children whose total family income did not exceed 200% FPL. Shortly thereafter, we increased that eligibility to 350% FPL. In addition to expanding affordable access for kids, we also welcomed working parents into our program whose family income did not exceed 150% FPL. These legislative initiatives became the foundation upon which we in New Jersey have begun to build a framework for providing universal, portable, affordable and sustainable health care access to New Jersey's remaining 1.3 million uninsured.

Our efforts began nearly three years ago with the formation of a working group comprised of twenty-two policy experts representing a wide variety of experience and professional background. I believed then, as I do today, that New Jersey could not have enacted our most recent reforms without taking the time to painstakingly understand the complexity of reform's impact on the diverse group of stakeholders health care encompasses.

Our working group met for two and a half hours every week, worked on a daily basis to process the output from those sessions and traveled around the country - from San

Francisco to Chicago to Washington DC - to meet with other states actively reforming their systems. We shared the reform efforts each of us were undertaking, and met with national policy groups with expertise in health care access, quality, cost-modeling, efficiency, and insurance reform.

It was through those efforts that we were able to offer a thorough and well planned legislative proposal that enjoyed overwhelming bi-partisan approval moving from announcement to passage into law in four months.

Our most recent initiative accomplished much:

- It increased eligibility for working parents with income up to 200% FPL
- It established a “buy-In” program for children whose family income exceeded our SCHIP cap of 350 FPL. This program was created after negotiating with two health plans who agreed to offer an excellent benefit design at a very low price. This program does not use any Federal or State dollars.
- It implemented a “Kids First” mandate that required all eligible children to enroll in either a free or very low-cost health insurance program.

- It required our Department of Treasury to include a check off on all state income tax returns that seeks information from filers regarding the health insurance status of household dependants. This provision enabled NJ to be the first state in the nation to utilize the “Express Enrollment” process approved here in Washington in CHIPRA.
- It directed our Department of Human Services to design a cost-effective and thorough enrollment outreach program, and to design a premium hardship exclusion that does not allow an enrollee to drop out of coverage, but provides for an income set-aside that could lower their premium to an affordable level.
- It instituted a number of reforms to our individual and small employer market that made those policies more affordable while dedicating a larger percentage of collected premiums to the actual provision of care.

We did consider but ultimately rejected a “play or pay” tax on employers who did not offer employee health insurance because we believed it would have unintended consequences. We recognized that “pay” is invariably cheaper than “play” in these scenarios with believed the result that any employer tax is ultimately borne by the employees through decreased benefits and/or wages. Essentially we feared the result could easily become a tax on the very folks we are trying to help.

I am proud of what we have accomplished in New Jersey. We have been one of the most progressive states in offering expanded access to hundreds of thousands of children and working parents and we are currently well down the road toward comprehensive and transformational health reform.

But, as you know all too well, there is only so much that we can afford to do on our own in this difficult economic climate. Our hard work to date, in partnership with the Federal Government, has assisted countless families and children who would have otherwise had their health jeopardized because they were uninsured. We need your leadership again to make affordable and dependable health care commonplace for the remaining 1.3 million New Jerseyans and 47 million Americans who remain uninsured.

Although states across America have stepped up to offer coverage and assistance to millions of their citizens, I believe a state-by-state solution will ultimately prove inconsistent and unreliable.

In the course of the recent debate over national reform, there are those who believe that a government baked plan will be too expensive, leave millions of Americans behind, dictate the amount of health care apportioned to the newly insured, and destroy the competitive advantages that privately offered insurers offer. Respectfully, I disagree.

I believe that the House bill simply does what government was designed to do. It fills the void that has been left by the private sector.

Government is already the largest payer of health care. Taxpayers already finance subsidies to companies who provide health care to their employees through generous tax breaks. We also fund a considerable amount of health care research and development. The Government invests in building the infrastructure for which health care is delivered, and in the educations of those that deliver it. Taxpayers pay for services for the elderly, disabled and poor; while also providing billions of dollars to hospitals to care for the uninsured. The House Bill simply balances these resources so all Americans benefit from our Government's investment in our Nation's health care.

At the end of the day, the interest of American consumers must remain at the nexus of your debate.

I read comments from some who worry that a government plan will cause prices to be controlled. The irony in their commentary is that they completely ignore the fact that the single largest problem with our health care system *is* COST. We spend more in the United State on health care and get less than any other industrialized nation. It's time we demand value for our dollar.

For as long as I can remember, high cost, waste, inefficiency, medical errors, antiquated medical records, and a lack of comprehensive, reliable prevention have driven costs in the existing marketplace to ever-growing, unsustainable levels. Those Americans who struggle every day, work hard for their families and do the right thing, will by and large never afford the cost of health insurance and the care that all of us with our card enjoy. They can't even afford to fill the prescription a doctor writes them.

I would leave you with a final thought. Past comprehensive health reform pursuits have stopped when they met a stalemate. We cannot afford to turn away again. If you can get any element of reform in place you should do so and then turn to the states – the “laboratories of democracy” - to build working models and study solutions where there is not yet national consensus. It may take time, but we cannot afford to fail. Toward that end, I pledge our continued discussion of New Jersey's years of research, experience, failures and successes. I pledge New Jersey as a working laboratory for continued experimentation in reform and, finally, I pledge my personal commitment to work as tirelessly as you all have to see this through!

Thank you for the opportunity to be with you today.