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Individual States' Health Reform Offer Previews of National Reform Problems

Obama Administration Can Learn From Several States' Examples

Dallas, TX (September 24, 2009) – Health insurance policies in New Jersey rank among the most expensive in the United States due to over-regulation and expensive mandates that are very similar to those now proposed by President Obama, according to a newly released study from the National Center for Policy Analysis (NCPA).

“New Jersey premiums are nearly *twice* the national average for small group and individual policies, and the rest of the country can expect similar cost hikes if the proposed regulations are enacted by Congress,” said NCPA Senior Fellow Devon Herrick.

The NCPA study, “Applying the Lessons of State Health Reform” shows that only New York and Massachusetts residents pay more for coverage than New Jersey residents.

<http://www.ncpa.org/pdfs/st323.pdf>

“It’s unreasonable that many families who buy their own insurance must pay much more than families in neighboring states,” Herrick added. “For example, a New Jersey family pays more than three times as much annually as Wisconsin residents and about 59% more than Pennsylvania residents just across the Delaware River. And, because of even stricter mandates, a Massachusetts family plan costs more than four times as much as one in Michigan.”

Another problem, said Herrick, is state mandates that require insurance companies to cover treatments that most people don’t really need. “In vitro fertilization, chiropractors or addiction treatment may be important to some patients, but should everyone in a particular state be required to pay premiums for those and 40 other mandated categories? Residents should be allowed to choose what coverage best fits their families’ needs and budget.”

“To significantly reduce the number of uninsured, New Jersey should foster competition and choice, which would reduce costs and improve quality for patients,” said study author and NCPA Senior Fellow Michael Bond.

Another key solution to the enormous problem of inequitable costs and pricing consumers out of the market, is to drop the decades-old restrictions that prevent anyone from buying health insurance across state lines, according to Herrick. “New Jersey could set an example for the rest of the country by becoming the first to pass legislation to permit crossing state lines to buy more affordable private health insurance,” Herrick says.

“Families stand to gain enormous benefits in states that start allowing residents to comparison shop for insurance in a market that allows consumer choice to drive the offerings,” said Herrick. “Those living in the most expensive states would see the most benefits – i.e. Massachusetts, New York, New Jersey, Rhode Island, Connecticut, and Louisiana.”

Massachusetts has the highest average family premium rate at \$16,897 annually. New Jersey is third at \$10,398, behind New York’s average of \$12,254. Wisconsin rated lowest at \$3,087. The national average is \$5,799 per year.

Editors note: If you would like to schedule an interview with NCPA health economist Dr. Devon Herrick, please contact Catherine Daniell.

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The [National Center for Policy Analysis \(NCPA\)](#) is a nonprofit, nonpartisan public policy research organization established to develop alternatives to government regulation by relying on the private sector. Topics include health care, taxes, Social Security, welfare and environmental regulation.