New Jersey Imposing Fees on Companies with Employees Enrolled in Medicaid

Health Equity 07.23.26

On June 30, New Jersey enacted a mandatory annual fee (ranging from $325 to $725 per Medicaid covered employee and dependent) to be paid by companies that have at least 50 employees enrolled in Medicaid. Proponents of the fee initiative believe it will help pay for the state's share of the Medicaid program's costs, particularly as federal policy changes are expected to make the program more expensive. Proponents further argue that the fee initiative is fair, as employers benefit financially from having fewer employees enrolled in their health insurance plans. Opponents, however, argue that the fee initiative is an unfair penalty on employers, and could lead to employers hiring fewer Medicaid-eligible employees or employees foregoing enrollment in Medicaid knowing it would make them less attractive to employers, notwithstanding statutory prohibitions against such adverse employment action. Other states are considering taking actions similar to New Jersey.