Gibbons SFY 2026 Report: New Jersey Department of Banking & Insurance Presents Its FY 2026 Budget Proposal

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Categories:

State Government>State Budget

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This is the latest installment in a series of posts that offers a detailed look into the budget proposals for the major departments that constitute the state government.

On April 9, 2025, New Jersey Department of Banking & Insurance (NJDOBI) Commissioner Justin Zimmerman appeared before the General Assembly Budget Committee (ABU) to present the department's proposed FY 2026 budget, which totals $65.3 million. This total is a decrease of $10 million or 13.3 percent from the FY 2025 adjusted appropriation.

Backdrop of Federal Workforce Cuts and Funding Cuts

On April 17, 2025, the Trump administration attempted to cut the Consumer Financial Protection Bureau (CFPB) workforce by approximately 90 percent, leaving only around 200 employees. The CFPB was formed in 2010 in the wake of the Global Financial Crisis and is tasked with protecting consumers in the financial sector by preventing abusive and deceptive practices. While the proposed shrinkage of the CFPB workforce was temporarily blocked by a federal judge, this move is the most recent action by the Trump administration signaling a shift toward deregulation and a reduced mission for the CFPB, leaving enforcement and supervision of financial entities to the states.

Similarly, the Federal Deposit Insurance Corporation (FDIC) announced this week that more than 1,200 employees would be cut as part of the Trump administration's plan to reshape the federal workforce. The FDIC is responsible for ensuring financial stability by preventing bank failures and insuring consumer deposits against . President Trump issued an Executive Order on February 18, 2025, that granted the President greater power over independent regulatory agencies. The order calls for the affected agencies to submit any new regulations to the White House, set up White House Liaison offices, and "regularly consult with and coordinate policies and priorities" with the White House. The order also gives the President and Attorney General the sole abilities to interpret laws for the executive branch, expanding executive power.

The Centers for Medicare & Medicaid Services (CMS) issued a press release announcing a reduction in funding for the Affordable Care Act (ACA) Navigator Program to $10 million, a nearly 90 percent decrease. The Navigator Program was created by the ACA to provide assistance to people to enroll in coverage through the health insurance exchange and refer or assist with Medicaid and Children's Health Insurance Program (CHIP) enrollment.

Health Plan Accessibility

NJDOBI launched Get Covered New Jersey, the State's official health insurance marketplace, in November 2020. At the April 9 hearing, Commissioner Zimmerman testified that more than 500,000 New Jerseyans signed up for health coverage during the most recent open enrollment period. In response to a member question regarding access to medical providers, the Commissioner stated that six carriers offer comprehensive coverage through Get Covered New Jersey: Horizon, AmeriHealth, Oscar, United, Aetna and Wellcare. He noted that the carrier is responsible for setting the network of providers and is required to meet network adequacy standards, which ensure access to covered benefits within a reasonable distance and appointment wait times.

The Commissioner stated that NJDOBI extended the open enrollment period from the federally prescribed period of six weeks to three months. The Trump administration, via the CMS, however, has proposed a rule that would shorten open enrollment back to six weeks, cutting the current allotted period in half. The Commissioner stated that the CMS rule proposal also has implications on the marketplace eligibility of Deferred Action for Childhood Arrivals (DACA) recipients, also known as "Dreamers." Commissioner Zimmerman testified that NJDOBI plans to submit a formal comment on the CMS rule proposal, noting how the proposal will affect Get Covered New Jersey.

The Commissioner testified that the Expanded Access Special Enrollment Period, a 2022 Murphy administration initiative that allowed residents with an annual household income of up to 200 percent of the federal poverty level ($30,120 for an individual and $62,400 for a family of four) to enroll in free or nearly free health coverage, could also be in danger due to proposed federal changes.

In response to a member question regarding the small employer marketplace, the Commissioner testified that there has been a steady decline in the number of enrollees. NJDOBI is undertaking a study to evaluate trends that are potentially driving enrollees away from the marketplace and to suggest policies to attract additional carriers to the marketplace.

Affordability

Commissioner Zimmerman testified that record levels of financial assistance under the Inflation Reduction Act (IRA) have allowed New Jersey to extend State subsidies called New Jersey Health Plan Savings to help lower the cost of monthly health insurance premiums. The Commissioner stated that the average amount of financial help received during the last open enrollment period was $589 per person per month, or $7,068 per person per year, resulting in nine in 10 Get Covered New Jersey enrollees qualifying for financial help. He further testified that 48 percent of enrollees receiving financial help paid $10 or less for coverage.

The Commissioner noted that the federal assistance provided by the IRA will expire at the end of 2025 absent congressional action. He testified that NJDOBI has joined other states to advocate for the extension of this federal funding. Commissioner Zimmerman testified that New Jerseyans stand to lose $500 million in federal tax credits if Congress does not act to extend the subsidies. In turn, the cost of health coverage will increase for nearly 455,000 New Jersey residents. The Commissioner stated that consumers on average will pay double what they are now paying for health insurance, with costs increasing $1,260 per person annually. He further testified that to NJDOBI's knowledge, no state has the ability to replace the IRA federal assistance and the potential expiration of tax credits will be exacerbated if Congress cuts Medicaid funding.

In response to a member question regarding rate increases, Commissioner Zimmerman stated that NJDOBI considers the rate review process to be part of its consumer protection efforts and that increased volume of rate review requests is a national issue. He noted that rate requests go through a robust actuarial process to make sure consumers are not paying more than what is necessary for claims to be paid. The Commissioner stated that NJDOBI has blocked over $1 billion in rate increases in the automotive and homeowner insurance industries. The Commissioner noted that while the impact is currently unknown, tariffs could become a potential cause for rate increases, giving the example of how car part replacement costs could increase through tariffs and in turn drive up auto insurance rates.

During member questions, an ABU Committee member stated that car insurance rates are often based on education, marital status, and location, which can result in inequitable rates being assessed in urban centers. In response, Commissioner Zimmerman testified that NJDOBI reviews rates filed by auto insurers to ensure compliance with state law and that currently there is no state law barring those factors in rate determinations for car insurance.

Prescription Drug Caps

The Commissioner testified that NJDOBI remains focused on the high costs of prescription drugs. In 2023, Governor Murphy enacted a bill package aimed at making prescriptions more affordable for New Jerseyans. The three laws: (1) capped certain out-of-pocket costs by extending Medicare's $35/month insulin out-of-pocket cap to state-regulated markets and New Jersey public employee plans, as well as capping out-of-pocket costs for EpiPens and asthma inhalers at $25 and $50, respectively, for a month's supply; (2) established greater oversight of and licensing requirements for pharmacy benefit managers; and (3) promoted transparency across the pharmaceutical supply chain by establishing a Drug Affordability Council to formulate policy recommendations that help advance prescription drug affordability and accessibility.

Be on the lookout for our next post about the New Jersey Department of Children and Families budget hearing.