
Section II:

New Jersey's Health Care System – An Overview

The Commission's principal task was to evaluate the economics of the acute care hospital sector in New Jersey and provide recommendations to the Governor on how hospitals should be supported in the future in response to financial distress. This section of the report provides a descriptive view of the hospital market in New Jersey examining factors such as the supply, distribution and use of hospital-based services. In addition, the section provides a closer look at the financial situation facing the State's hospitals. The Commission's findings clearly and unambiguously show that many hospitals in the State are in poor financial condition and a wave of more closures appears likely. This section is a precursor to the following section that provides the Commission's assessment of the factors affecting the financial and clinical performance of hospitals.

Chapter 2 provides an overview of the demographics and health insurance coverage rates in New Jersey to provide a sense of the population served by New Jersey's health care system relative to the nation. Chapter 3 provides measures of the supply of acute care hospital facilities in the State along with definitions of regional hospital market areas adopted by the Commission. Chapter 4 projects future supply and demand of hospital beds in New Jersey to assess for excess capacity by region. Chapter 5 provides an analysis of the financial condition of New Jersey's hospitals and identifies common characteristics of hospitals in financial distress in the current environment.



Chapter 2: Population Served by New Jersey's Health Care System

Key Points

- **New Jersey residents have a similar age, racial, and ethnic distribution as the nation as a whole.**
- **Although New Jersey has one of the highest median incomes in the nation and a relatively low poverty rate, the percent without health insurance is similar to the national average.**
- **New Jersey enjoys a higher rate of employer-based health insurance in comparison to the nation.**
- **The demographics of New Jersey are not sufficiently different from the nation to account for significant differences in demands on the health care system.**

As a precursor to carrying out its charge to assess whether New Jersey's health system is best configured to respond to community needs, it is important to understand the underlying demographics of New Jersey, as demographic factors largely determine community need. This section provides a high-level profile of New Jersey's population along with comparisons to the United States as a whole, including information on age distribution, poverty levels, income levels, and health insurance coverage levels, to provide a context for the populations that New Jersey's health care system is serving.

I. Demographics and the Economy

New Jersey's population of approximately 8.7 million people is comparable to the overall population of the United States in age distribution and racial/ethnic composition, as shown in Tables 2.1 through 2.4. The State's poverty rate is somewhat lower than the national average.

Table 2.1:
Population Distribution by Age, New Jersey and the United States (2006)¹²

Age Group	New Jersey		United States	
	Total	Percent of Total	Total	Percent of Total
Children 18 and under	2,249,548	26%	78,204,774	26%
Adults 19-64	5,343,876	62%	181,817,020	61%
65+	1,089,720	13%	36,035,042	12%
65-74	554,887	6%	18,997,864	6%
75+	534,833	6%	17,037,177	6%
Total	8,683,143	100%	296,056,836	100%

Source: The Henry J. Kaiser Family Foundation, www.Statehealthfacts.org

Table 2.2:
Population Distribution by Race/Ethnicity, New Jersey and the United States (2006)¹²

Race/Ethnicity	New Jersey		United States	
	Total	Percent of Total	Total	Percent of Total
White	5,347,630	62%	195,720,465	66%
Black	1,122,340	13%	35,877,972	12%
Hispanic	1,446,359	17%	44,772,587	15%
Other	766,815	9%	19,685,812	7%
Total	8,683,143	100%	296,056,836	100%

Source: The Henry J. Kaiser Family Foundation, www.Statehealthfacts.org

¹² Totals may not add up due to rounding.

Table 2.3:
Distribution of Total Population by Federal Poverty Level, New Jersey and the United States (2006)¹²

Relation to Federal Poverty Level	New Jersey		United States	
	Total	Percent of Total	Total	Percent of Total
Under 100%	1,099,087	13%	50,107,136	17%
100-199%	1,260,042	15%	55,558,201	19%
<i>Low Income Subtotal (199% and Under)</i>	<i>2,359,129</i>	<i>27%</i>	<i>105,665,337</i>	<i>36%</i>
200% or more	6,324,014	73%	190,391,488	64%
Total	8,683,143	100%	296,056,836	100%

Source: The Henry J. Kaiser Family Foundation, www.Statehealthfacts.org

Table 2.4:
Poverty Rate by Race/Ethnicity, New Jersey and the United States (2006)¹²

Race/Ethnicity	New Jersey		United States	
	Total	Percent of Total	Total	Percent of Total
White	387,891	7%	22,278,378	12%
Black	291,877	25%	11,352,348	33%
Hispanic	351,302	26%	12,654,058	29%
Other	NSD	NSD	3,822,351	20%

Source: The Henry J. Kaiser Family Foundation, www.Statehealthfacts.org. NSD means Not Sufficient Data

In 2005, New Jersey’s median household income (\$59,989) exceeded the national median (\$46,037) by 30 percent, making New Jersey one of the wealthiest states in the country. State tax collections per capita in 2005 (\$2,631) exceed the comparable national average (\$2,191) by 20 percent. These taxes include all property taxes, sales and gross receipts, licenses, income taxes, and other taxes. New Jersey State per capita spending from its general fund, federal funds, other state funds and bonds in 2005 (\$4,769) exceeded the comparable national average (\$4,175) by 14 percent. In sum, New Jersey is a relatively affluent state whose taxes and per capita spending exceed the national average by sizeable margins.

II. Health Insurance Coverage

In comparison to the United States as a whole, New Jersey’s residents have slightly better health insurance coverage, with a higher proportion of New Jersey’s population covered through employers. As is the case nationally, a large proportion of the New Jersey’s residents (15 percent) are uninsured, and these residents are concentrated in the lower income strata. Data about health insurance coverage for New Jersey and the United States is presented below in Tables 2.5 through 2.7.

Table 2.5:
Population Distribution by Race/Ethnicity, New Jersey and the United States (2006)¹³

Coverage	New Jersey		United States	
	Total	Percent of Total	Total	Percent of Total
Employer	5,423,384	62%	158,515,473	54%
Individual	248,421	3%	14,515,865	5%
Medicaid	662,950	8%	37,994,482	13%
Medicare	1,017,998	12%	35,049,875	12%
Other Public	27,411	0%	2,986,514	1%
Uninsured	1,302,978	15%	46,994,627	16%
Total	8,683,142	100%	296,056,836	100%

Source: The Henry J. Kaiser Family Foundation, www.Statehealthfacts.org

¹³ The Henry J. Kaiser Family Foundation, www.Statehealthfacts.org

Table 2.6:
Uninsured Rates for the Non-elderly by Federal Poverty Level (FPL), New Jersey and the United States (2006)¹⁴

Relation to Federal Poverty Level	New Jersey		United States	
	Total	Percent of Total	Total	Percent of Total
Under 100%	404,194	43%	16,619,984	37%
100-199%	307,963	31%	13,631,998	30%
<i>Low Income Subtotal (199% and Under)</i>	<i>712,157</i>	<i>36%</i>	<i>30,251,982</i>	<i>33%</i>
200% or more	558,611	10%	16,201,429	10%
Total	1,270,768	17%	46,453,411	18%

Source: The Henry J. Kaiser Family Foundation, www.Statehealthfacts.org

Table 2.7:
Distribution of the Non-elderly Uninsured by Federal Poverty Level (FPL), New Jersey and the United States (2006)¹⁵

Relation to Federal Poverty Level	New Jersey		United States	
	Total	Percent of Total	Total	Percent of Total
Under 100%	404,194	32%	16,619,984	36%
100-199%	307,963	24%	13,631,998	29%
<i>Low Income Subtotal (199% and Under)</i>	<i>712,157</i>	<i>56%</i>	<i>30,251,982</i>	<i>65%</i>
200% or more	558,611	44%	16,201,429	35%
Total	1,270,768	100%	46,453,411	100%

Source: The Henry J. Kaiser Family Foundation, www.Statehealthfacts.org

Although a higher percentage of New Jersey residents obtain their health insurance coverage at their place of work than do Americans in general, the percentage of companies with more than 50 employees offering coverage is roughly comparable to United States level. A higher percentage of New Jersey firms with fewer than 50 employees offer health insurance to their employees than is the case among similarly sized

employers nationally. Health insurance premiums for employment-based health insurance tend to be higher than the comparable national average, although New Jersey employers appear to pay for a somewhat higher fraction of those premiums. Data on health insurance coverage in the place of work and health insurance premiums are provided in Tables 2.8 through 2.10 below.

¹⁴ Totals may not add up due to rounding.

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Table 2.8:
Percent of Private Sector Establishments that Offer Health Insurance to Employees, by Firm Size, New Jersey and the United States (2003)

Firm Size	New Jersey	United States
Firms with Fewer than 50 Employees	51.6%	43.2%
Firms with 50 Employees or More	94.4%	95.4%

Source: The Henry J. Kaiser Family Foundation, www.Statehealthfacts.org.

Table 2.9:
Average Single Premium per Enrolled Employee for Employer-Based Health Insurance, New Jersey and the United States (2004)

Contributor	New Jersey		United States	
	Average Premium	Percent of Total	Average Premium	Percent of Total
Employee Contribution	\$613	16%	\$671	18%
Employer Contribution	\$3,269	84%	\$3,034	82%
Total	\$3,882	100%	\$3,705	100%

Source: The Henry J. Kaiser Family Foundation, www.Statehealthfacts.org.

Table 2.10:
Average Family Premium per Enrolled Employee for Employer-Based Health Insurance, New Jersey and the United States (2004)

Contributor	New Jersey		United States	
	Average Premium	Percent of Total	Average Premium	Percent of Total
Employee Contribution	\$1,886	17%	\$2,438	24%
Employer Contribution	\$9,539	83%	\$7,568	76%
Total	\$11,425	100%	\$10,006	100%

Source: The Henry J. Kaiser Family Foundation, www.Statehealthfacts.org.

III. Conclusion

In terms of age and race/ethnicity, the population that New Jersey's health system serves is not significantly different from the overall population of the United States. New Jersey's median household income, however, exceeds the national median by 30 percent, making New Jersey one of the wealthiest states in the

country. In terms of health insurance coverage, overall coverage levels are slightly better than the nation as a whole, although, similar to other parts of the county, large numbers of uninsured are concentrated at the lower income levels.

