# New Jersey Imposes Employer Medicaid Assessment

By Teressa Colhoun and Molly Iacovoni | Compliance & Policy Consulting (CPC)

*September 2026*

## Key Takeaways

- New Jersey enacted a law imposing an annual fee on certain employers whose employees and dependents receive health coverage through New Jersey Medicaid.
- By March 1 each year, the New Jersey Department of the Treasury's Division of Revenue and Enterprise Services (DORES) will notify employers of any fee due and provide the fee calculation with payment instructions. Filings and payments are due by April 15.
- The first employer fee notices are expected to be issued by March 1, 2027.

## Details

On June 30, 2026, the New Jersey Legislature passed Assembly Bill 5324 (the Employer Healthcare Assistance Contributions Act or "Act"), which was signed into law by Governor Mikie Sherrill. The Act imposes an annual fee on employers that employ at least 50 employees who are enrolled in New Jersey Medicaid during the preceding calendar year. Although the Act took effect on July 1, 2026, the first employer fee notices are expected to be issued by March 1, 2027.

For an affected employer, the annual fee is calculated based on the total number of covered employees and their dependents who are enrolled in New Jersey Medicaid, subject to the exclusions described below. Covered dependents include spouses, civil union partners, domestic partners, and qualifying children, including certain children age 31 or older who cannot support themselves.

The applicable fee rate/assessment is based on the number of covered employees and dependents enrolled in Medicaid:

| Number enrolled in Medicaid | Fee per employee/dependent |
|---|---|
| 50 – 249 | $325 |
| 250 – 499 | $525 |
| 500+ | $725 |

Employers are not liable for the fee with respect to employees or dependents enrolled in Medicaid who have a qualifying developmental, intellectual, or permanent physical disability.

The Act also excludes the following categories of employees when calculating the applicable fee:

- Employees employed for fewer than 90 days;
- Part-time employees;

- Per diem employees;
- Temporary employees; and
- Seasonal employees.

These employment-status exclusions do not become operative until July 1, 2027. If an employer is assessed a fee before that date for an individual who would qualify for an exclusion once the exclusions become operative, the employer may be eligible for a refund or credit upon demonstrating that the exclusion would have applied.

Under the Act, DORES must notify affected employers of any assessment by March 1 each year. All required filings and payments are due by April 15. Failure to pay may result in penalties of up to $500 per day. An employer may challenge an assessment through the administrative appeal process but generally must pay the assessment while the appeal is pending. If the employer prevails, the amount paid may be refunded or credited against future liability.

In addition, the Act explicitly prohibits employers from using Medicaid enrollment information for hiring, retention, promotion, or advancement decisions.

## Developing Guidance and Legal Challenges

As of the publication of this bulletin, the State has not issued significant guidance on administering the employer Medicaid assessment. Practical implementation questions remain, including what data DORES will use to calculate the fee, how employers may verify DORES's assessment, and how individuals who work for multiple employers will be counted.

Additionally, on August 20, 2026, several trade groups filed a lawsuit challenging the Act in the U.S. District Court for the District of New Jersey.[1] The complaint asserts three principal claims:

1. The Act is preempted by ERISA because it allegedly pressures employers to alter the design of their health plans and undermines uniform nationwide plan administration.
2. The Act violates procedural due process and is impermissibly vague.
3. Employers do not know if their employees or their dependents are enrolled in Medicaid and employers who appeal the assessment may run afoul of federal privacy and health laws.

Employers should track this lawsuit and any other developments that may affect the Act's implementation or enforcement.

The text of the Act is available here.

Please direct any questions on this topic to the Aon Health Solutions CPC team.

[1] *Restaurant Law Center et al. v. Binder et al.*, No. 3:26-cv-10636 (D. NJ filed Aug. 20, 2026).

# About Aon:

Aon exists to shape decisions for the better — to protect and enrich the lives of people around the world. Through actionable analytic insight, globally integrated Risk Capital and Human Capital expertise, and locally relevant solutions, our colleagues provide clients in over 120 countries with the clarity and confidence to make better risk and people decisions that help protect and grow their businesses.

Follow Aon on LinkedIn, X, Facebook and Instagram. Stay up-to-date by visiting Aon's newsroom and sign up for news alerts here.