

**SHB PDC Resolution # 1**

**RESOLUTION OF THE STATE HEALTH BENEFITS PLAN DESIGN COMMITTEE PROVIDING MEDICARE RETIREES WITH ENROLLMENT IN MEDICARE ADVANTAGE PROGRAMS**

WHEREAS, pursuant to N.J.S.A. 52:14-17.29 et seq. the State Health Benefits Program (SHBP) provides health coverage to qualified employees and retirees of the State and participating local employers; and

WHEREAS, the SHBP was enacted in 1961 for the purpose of providing affordable health care coverage for public employees on a cost effective basis; and

WHEREAS, all SHBP plans, with the exception of Medicare Advantage plans, are self-funded, which means that the money paid out for benefits comes directly from a SHBP fund supplied by the State, participating local employers, and member contributions ; and

WHEREAS, the Medicare Advantage program is an insured product in which the carriers are paid a premium for the coverage provided and bear liability for the payment of claims; and

WHEREAS, pursuant to N.J.S.A. 52:14-17.28, the State Health Benefits Commission contracts with carriers to provide the State Health Benefit Program (SHBP) to eligible participants; and

WHEREAS, in the most recent procurement for carriers for the SHPB, the State Health Benefits Commission requested that carriers provide, inter alia, Medicare Advantage Plans to eligible plan participants, and

WHEREAS, two carriers – Horizon Blue Cross/Blue Shield of New Jersey (“Horizon”) and Aetna Healthcare Inc., (“Aetna”) were selected by the State to serve as the carriers for the SHPB; and

WHEREAS, only Aetna, but not Horizon, contracted with the State to provide Medicare Advantage Plans to Medicare- eligible plan participants; and

WHEREAS, AON Consulting, Inc., the health care consultant for the State Health Benefits Program, made a presentation concerning options to increase efficiencies and reduce costs associated with the provision of health care benefits and prescription drug benefits for public employees and retirees; and

WHEREAS, AON Consulting, Inc. recommended the provision of coverage for all Medicare-eligible participants through Medicare Advantage Plans, which, as noted above, are a type of Medicare health plan offered by a private company that contracts directly with Medicare to administer and provide the participants with Medicare Part A and Part B benefits; and

WHEREAS, expansion of the Medicare Advantage Program results in substantial savings to employers, qualified Medicare-eligible retirees and their dependents, including survivors, due to the substantially lower premiums charged by the carriers as compared to rates established for self-funded coverage, and

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WHEREAS, under the Medicare Advantage PPO any services provided by Medicare participating providers will be provided at an in network level of benefits to Medicare eligible retirees regardless of whether or not the provider is in the selected carriers' network; and

WHEREAS, Medicare eligible retirees who have selected Aetna Health, Inc. as their carrier have already been enrolled and are participating in Aetna's Medicare Advantage plan; and

WHEREAS, in order to provide all Medicare-eligible participants with a choice of carriers for Medicare Advantage coverage, the State Health Benefits Commission needs to contract with Horizon to provide such coverage pursuant to N.J.S.A. 52:14-17.28; and

WHEREAS, under the Medicare Advantage plan the carrier providing coverage will charge a premium to the SHBP and assume the costs of the risks of providing the coverage to participants; and

WHEREAS, pursuant to N.J.S.A. 52:14-17.28 the State Health Benefits Commission has jurisdiction over contracts with carriers for the plans approved by the State Health Benefits Plan Design Committee and whether to self-insure or insure with a carrier; and

WHEREAS, the State Health Plan Design Committee acknowledges that action by the State Health Benefits Commission and the Division of Pensions and Benefits under authority delegated to the Division as Contract Manager is needed to effectuate the Medicare Advantage coverage with both SHBP carriers, Aetna and Horizon; and

WHEREAS, the State Health Benefit Design Committees acknowledges that the State Health Benefit Commission will need to take action with the carriers, with the assistance of the Division of Pensions and Benefits where necessary, to effectuate a modification of the existing contracts, including that the carriers be required to duly and timely notify the members of the change to Medicare Advantage and to continue the member's plan choice without disruption, unless a plan change is requested by the member as permitted under the rules of the SHBP; and

WHEREAS, the Division of Pensions and Benefits will identify a staff member to assist Medicare-eligible retirees in navigating the switch to Medicare Advantage and if necessary help participants make contact with the appropriate persons at the carrier to resolve their questions and concerns. This staff person shall maintain records of all inquiries and issues and shall report them to the Plan Design Committee throughout the first complete year of transition;

NOW THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The Committee encourages the Commission to enter into the appropriate amendments to the contracts with Horizon and Aetna to allow for an extension of the Medicare Advantage program.
2. No change shall be made to Medicare Advantage until both Horizon and Aetna can certify that the change to Medicare Advantage shall be seamless and that all staff and assistance is available to ensure that enrollees do not have disruption of any current healthcare provider or treatment.

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3. If the anticipated savings from implementation of the Medicare Advantage plans for all Medicare retirees exceeds 20% based on savings, such additional savings shall be used to reduce generic prescription copayments for such retirees.

DATED: 08 29 2016

Note: Grammatical, spelling and typographical errors are corrected but remain subject to approval by the State Health Benefits Plan Design Committee.