

Health Benefit Programs of NJ



Health Benefit Programs of NJ

- **State Health Benefits Program**
- **School Employees' Health Benefits Program**

Statutory Enablement

The State Health Benefits Program (“SHBP”)

- Created by the State Health Benefits Act (“Act”), N.S.J.A. 52:17.25 et seq., in 1961.
- Provided health insurance coverage to State employees.
- Extended by Chapter 125, P. L. 1964 to include employees of local government at the option of each public employer.

Statutory Enablement

The School Employees' Health Benefits Program (“SEHBP”)

- Created by the School Employees' Health Benefits Act (“Act”), N.S.J.A. 52:17.46.1 et seq., in 2007.
- Provided administrative oversight of program to SEHBC.

Covered Population

- Covers 350,000 active and retired State and local employees; and 441,000 dependents, for a total of over 790,000 covered lives.
- The State or other public employers pay for coverage for 88% of 130,000 covered retirees; the remaining 12% pay for their own coverage.

Covered Population (Continued)

- Covered employers include:
 - All State agencies,
 - State colleges and universities, and
 - 897 local employers.
- Annual cost is \$3.6 billion.
- Program covers 1 out of every 12 residents of the State of New Jersey.

Health Benefit Programs of NJ (HBPNJ)

- Medical
 - NJ DIRECT10 – Horizon Blue Cross
 - NJ DIRECT15 – Horizon Blue Cross
 - HMOs
 - Aetna HMO
 - CIGNA HealthCare

Health Benefit Programs of NJ

- Employee Prescription Drug Plan (Rx)
- Dental Program
 - Employee Dental Expense Plan,
 - Retiree Dental Expense Plan,
 - Dental Provider Organizations (only insured product).

HBPNJ Participation

2007

- Medical* 353,848
- Rx ** 140,840
- Dental Plans* 148,232

*Actives and Retirees **Actives Only

Estimated Cost: 2008

CY 08

Medical \$ 3.1 b

RX \$ 372 m

Dental Plans \$ 98 m

Totals \$ 3.6 b

Dental Plans 2008

- *Dental Expense Plan*
- *Dental Plan Organizations (DPOs):*

Aetna

Community Dental Associates

BeneCare Healthplex

CIGNA

Horizon

- Eliminated 4 DPOs effective 1/1/08.

Risk

- The HBPNJ is primarily self-insured.
 - All Medical plans,
 - All Prescription drug plans, and
 - The Employee and Retiree Dental Expense plans.
 - Only the Dental HMOs, called dental plan organizations (DPOs), are insured.

NJ DIRECT

- Preferred Provider Organization (PPO)
- Two Options
 - NJ DIRECT10
 - In-Network Copay, \$10
 - Out-of Network Coinsurance, 20%
 - NJ DIRECT15
 - In-Network Copay, \$15
 - Out-of Network Coinsurance, 30%

NJ DIRECT

- Coverage in-network/out-of-network
- In-network resembles Open Access HMO
 - PCP not required
 - No Referrals needed for specialty care
- Out-of-Network is like former Traditional Plan
 - 80%/70% after Deductible
 - Deductible \$100 per individual/ \$250 family

NJ DIRECT

- Out-of-Network
 - \$1,000,000 Lifetime Maximum
- In Network and Out of Network
 - Mental Health (other than biologically based)
 - \$15,000 Annual
 - \$50,000 Lifetime

Health Maintenance Organization

- 2 HMOs - Nationwide
- Small (\$10/\$15) Copay for services
- Choose Primary Care Physician
- Get Referrals to visit specialists
- Prescription Drug Benefits (triple-tiered design)

Pharmacy

- Local Employers may:
 - Purchase the SHBP Prescription Drug Plan
 - Purchase their own plan.
 - Obtain drug coverage through the health plan.
- However all must have access to Rx coverage.
- Retirees have Rx coverage through their health plan.

SHBP Prescription Drug Card Plan

- Retail Pharmacy (30 Day Supply)
 - Tiered Copay Plan

	State	Local
◦ Generic	\$3	\$3
◦ Brand*	\$10	\$10
◦ Other Brand**	\$25	N/A

* No generic equivalent

** Generic equivalent available

SHBP Prescription Drug Card Plan

- Mail-Order Pharmacy (Max 90 Day Supply)
 - Tiered Copay Plan

	State	Local
◦ Generic	\$5	\$5
◦ Brand*	\$15	\$15
◦ Other Brand**	\$40	N/A

* No generic equivalent

** Generic equivalent available

Prescription Drug Coverage Through Medical Plan

- Aetna HMO; CIGNA HealthCare (Active & Retired)

	Retail	Mail Order
◦ Generic	\$5	\$5
◦ Preferred Brand	\$10	\$15
◦ All Other Brand	\$20	\$25

Prescription Drug Coverage Through Medical Plan

- NJ DIRECT

Reimbursement

In-Network

Out-of-Network*

90%

NJD10-80%

NJD15-70%

* After Deductible

Retired Prescription Drug Card Plan NJ DIRECT

Effective January 1, 2008

- Retail Pharmacy (30 Day Supply)
 - 3 Tiered Copay Plan

	SHBP	SEHBP
◦ Generic	\$9	\$8
◦ Preferred Brand	\$18	\$17
◦ All other Brand	\$36	\$34

Retired Prescription Drug Card Plan

NJ DIRECT (Continued)

Effective January 1, 2008

- Mail-Order Pharmacy -- (Max 90 Day supply)

– 3 Tiered Copay Plan

	SHBP	SEHBP
◦ Generic	\$9	\$8
◦ Preferred Brand	\$27	\$25
◦ All other Brand	\$45	\$42
• Out of Pocket --	\$1,092	\$1,082

Dental Expense Plan -- Actives

- Annual Deductible
 - Diagnostic/Preventative care \$0
 - Orthodontic \$0
 - Other Service \$50 Individual \$150 Family
- Coinsurance (PPO)
 - 100% Diagnostic/Preventative
 - 80% Basic Restorative
 - 65% Major Restorative
 - 50% Periodontics & Prosthodontics
- Benefit Maximum \$3000 Annual
- Orthodontics - 50% to \$1000 lifetime max; does not count towards annual max

Dental Plan Organizations (DPOs) --Actives

- Like HMO Health Plans
- 6 DPOs
 - Benefits are same
 - Some services require copayments
 - Covers Periodontics & Prosthodontics
 - Orthodontics for adults/children

Dental Expense Plan – Retirees Eligibility

- Any retiree eligible to enroll in a medical plan in the Retired Group of the State Health Benefits Program is eligible to participate in the Retiree Dental Expense Plan.
- One opportunity to enroll.
- Enrollees who leave cannot re-enroll.

Administration

- With the exception of enrollment activities, all administration of our self-insured plans is delegated to our health plan vendors.
- Only COBRA coverage (billing and enrollment) is administered within the Division.

Cost Drivers

- Aging Population
 - Baby Boomer Effect
 - Growing Retiree Population
- Mandated Benefits
- Plan Design
 - Cost Sharing Arrangements
 - Low Deductibles/Copays

Cost Containment Initiatives

- \$ Eliminating indemnity plan (the Traditional Plan).
- \$ Premium sharing for State employees who are now required to pay a portion of the cost for medical coverage in all plans.
- \$ Chapter 62 allowed for negotiated premium sharing for local employees.
- \$ Creating 3-tiered prescription drug plan for State employees: \$3 generic, \$10 brand, \$25 brand w/ generic equivalent.

No, No, No

- The following CANNOT be negotiated:
 - Copayments (Medical, RX, Dental)
 - Coinsurance amounts
 - Deductibles
 - Out-of-Pocket Maximums

Negotiate Away

- The following CAN be negotiated:
 - Premium Sharing (EE + Dependents)
 - Plan Offerings
 - Coverage Levels

Premium Sharing

- Uniformity across all employees no longer required.
- Contributions can be based on:
 - Percent of Salary;
 - Percent of Premium;
 - Flat Dollar Amount;
 - Plan Selection.