



Health Reporter

A Newsletter for Retired Members of the State Health Benefits Program

Division of Pensions and Benefits

Fall 2006

2007 Traditional and NJ PLUS Retiree Prescription Drug Plan Copayments

State Health Benefits Program (SHBP) Retired Group members enrolled under NJ PLUS or the Traditional Plan have new prescription drug copayment amounts for plan year 2007. The following copayment amounts are applied to prescription drugs dispensed on or after January 1, 2007.

Inside the Health Reporter

Director's Message	2
Expanded HMO Service Areas for NJ PLUS, Aetna, and CIGNA	2
Medicare Part D.....	3
Saving Money on Prescription Drugs.....	4
SHBP Dependent Coverage Up to Age 30.....	5
Medical Plan Rates for 2007	6
Medicare Premium Reimbursements	6
SHBP Retiree Dental Expense Plan Rates.....	7
HIPAA Notice for 2006	7
Oxford Changes Laboratory Service Provider	8
Need a New ID Card?.....	8

RETAIL PHARMACY COPAYMENT AMOUNTS UP TO A 90-DAY SUPPLY

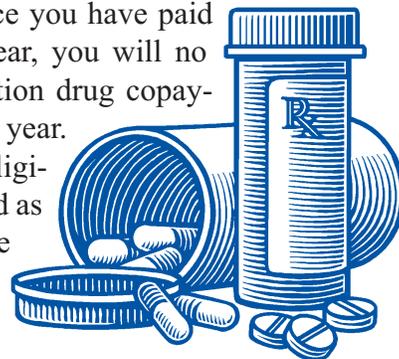
SUPPLY	GENERIC	PREFERRED BRAND	ALL OTHER BRANDS
01-30 DAY SUPPLY	\$8	\$17	\$34
31-60 DAY SUPPLY	\$16	\$34	\$68
61-90 DAY SUPPLY	\$24	\$51	\$102

MAIL ORDER* COPAYMENT AMOUNTS — UP TO A 90-DAY SUPPLY

SUPPLY	GENERIC	PREFERRED BRAND	ALL OTHER BRANDS
01-90 DAYS	\$8	\$25	\$42

*For more information about how to obtain Mail Order Prescription Drugs see "Saving Money on Your Prescription Drugs" on page 4.

The annual maximum prescription drug copayment will also increase to \$1,082 per person. Once you have paid \$1,082 in copayments in a calendar year, you will no longer be required to pay any prescription drug copayments for the remainder of that calendar year. Prescription drug copayments are not eligible for reimbursement and are not treated as covered services under NJ PLUS or the Traditional Plan.



A Message from the Director

One of the biggest challenges in health care today is finding ways to maintain or improve health care services, while at the same time maintaining or limiting increases in the costs associated with the health, dental, and prescription drug coverage provided. **Innovation** is an important component of striving to meet this challenge at all levels of the health care industry.

The Division of Pensions and Benefits makes every effort to incorporate innovation in the development and improvement of the plans it offers to better serve its members' health care needs. Evidence of such efforts by the Division can be seen in the recent introduction of the Retiree Dental Expense Plan in 2005, and the startup of the Long Term Care Insurance Plan for employees and retirees of the State of New Jersey in 2002. Each plan was provided to fill a void that previously existed for a large segment of our retired and/or active membership.

Whether through technology or more traditional means, the Division and the State Health Benefits Program remain committed to the implementation of innovative programs to improve current services and offer new services related to member health care coverage in New Jersey, while at the same time addressing the challenges associated with skyrocketing health care costs.

*Frederick J. Beaver, Director
Division of Pensions and Benefits*

Expanded Service Areas Outside of New Jersey for NJ PLUS, Aetna, and CIGNA

In continuing efforts to provide options for SHBP health coverage to our members living outside of New Jersey, NJ PLUS, Aetna, and CIGNA HealthCare have recently expanded their coverage areas. The changes are as follows:

- NJ PLUS in-network coverage is available in parts of Delaware effective January 1, 2007. Contact 1-800-414-SHBP (7427) to locate an in-network provider or visit: www.horizon-bcbnsj.com
- Aetna service areas now include parts of Tennessee, (Nashville, Pulaski, Memphis areas); parts of Georgia (Atlanta, Athens, and Gainesville areas); and Washington State (Seattle and Puget Sound areas). Inquiries regarding the newly added areas of service should be directed to Aetna Member Services at 1-800-309-2386 or visit: www.aetna.com
- Effective January 1, 2007 CIGNA service areas will be available in all of Maine, New Hampshire, New Mexico, Rhode Island, and Vermont, and in certain counties in Alabama, Arkansas, Colorado, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Massachusetts, Michigan, Mississippi, Missouri, Nevada, Ohio, Oklahoma, Oregon, Tennessee, Texas, Utah, Washington (state), and Wisconsin. For a list of the counties that are covered in these states visit our Web site at www.state.nj.us/treasury/pensions/shbp.htm or contact CIGNA's Member Services at 1-800-244-6224 or visit: www.cigna.com/health

If considering a plan change, the rates for all plans can be found on our Web site at: www.state.nj.us/treasury/pensions/shbp.htm or contact the Division's Office of Client Services at (609) 292-7524. To change your coverage, the Division of Pensions and Benefits must receive a completed *SHBP Retired Status Application* which also can be found on our Web site or can be mailed to you by contacting the Division's Office of Client Services.

Explaining Medicare Part D

The federal Medicare Part D prescription drug program has been implemented, effective January 1, 2006. Extensive information regarding this program was provided in the Fall 2005/Winter 2006 *Health Reporter* newsletter, including important considerations when deciding whether to enroll in this new Medicare prescription drug program. General highlights from the original article about the Medicare Part D prescription drug program are provided below. If you still have questions about whether to enroll in Medicare Part D after reading this article, please consult the sources cited at the end of the article.

Comparison of Coverage: Because the State Health Benefits Program (SHBP) retiree prescription drug plans provide prescription drug coverage that is equal to or better than the standard Medicare Part D prescription drug benefit plans, most SHBP retirees and/or their dependents **need not enroll** in any Medicare Part D plan. If you decide not to enroll in Medicare Part D you do not need to take any action; your retired group SHBP prescription drug coverage will continue.

Please note that some members who qualify for limited-income subsidy programs and pay for all or a portion of the cost of their SHBP coverage may find it beneficial to enroll in one of Medicare's Part D plans.

Making an Informed Decision: If you are contemplating enrollment in a Medicare Part D plan, you should first look at the Part D plan's formulary to determine whether your medication is covered by the Part D plan. It is also important to remember that a Medicare Part D plan can add or drop a drug from its formulary at any time, provided that it gives you at least 60 days advance notice.

Make a side-by-side comparison of all of the features and benefits of the Medicare Part D plan and your current SHBP prescription drug coverage, including copayments and/or deductibles, coinsurance provisions, and out-of-pocket maximums. This will also help you make an informed decision about enrolling in Medicare Part D.

Enrollment in Medicare Part D and Cancellation of Retired Group SHBP Prescription Drug Coverage: If you choose to enroll in a Medicare Part D prescrip-

tion drug plan, **you and all of your covered dependents** will lose your retiree SHBP prescription drug benefits. If one of your dependents covered under your SHBP prescription drug plan chooses to enroll in a Medicare Part D prescription drug plan, **you and all of your other covered dependents** will lose your retiree SHBP prescription drug benefits as well.

Changing Your Mind: If you choose to enroll in Medicare Part D now, you may change your mind and enroll or re-enroll in a SHBP retiree prescription drug plan as long as: (a) you have maintained your SHBP medical plan coverage, and (b) you drop your Medicare Part D plan enrollment.

If you notify the SHBP within 60 days of your Medicare Part D plan coverage termination date, you will be able to obtain prescription drug coverage through your SHBP health plan, retroactive to the date your Medicare Part D plan coverage was terminated. If you notify the SHBP on or after the 61st day your Medicare Part D plan coverage was terminated, your SHBP retiree prescription drug benefit will be reinstated on the first day of the month following a two month waiting period, beginning on the date your request for reenrollment is received by the SHBP.

If you keep your SHBP retired drug coverage and do not enroll in Medicare Part D now, you will, in general, be able to enroll in a Medicare Part D plan at a later date, provided you apply to the Medicare Part D plan within 62 days of the date your SHBP coverage terminates, and you provide the Medicare Part D plan with a copy of the *Notice of Creditable Coverage* (see below).

Notice of Creditable Coverage: All eligible members received, by mail, a formal notice from the Division of Pensions and Benefits called a *Notice of Creditable Coverage*. It is important to retain this written notice with your other important health plan information. If you should decide to enroll in one of the Medicare Part D plans after May 15, 2006, you will need to provide a copy of the *Notice of Creditable Coverage* you had received to show you have creditable coverage and are therefore not required to pay a higher premium amount. The Medicare Part D Open Enrollment period ended on May 15, 2006.

(continued on next page)

Saving Money on Your Prescription Drugs

For those who are chronically ill or taking maintenance medications, prescription drugs can be a costly medical expense. Two ways SHBP members can save money and pay a lower copayment when purchasing prescription drugs are to ask your medical provider about taking the **generic version of a prescription drug**, instead of the brand name version, and to opt for a **mail order service** when prescribed a maintenance medication.

The difference between a generic and a brand-name prescription drug is simple: a generic drug is called by a chemical name and the brand-name drug is called by a name that is assigned by the manufacturer. Both have the same active ingredients, strength, dosage, and must be therapeutically equivalent. Whether brand name or generic, all drugs must meet the FDA's high standards from quality and performance to manufacturing and labeling. All generic drugs are put through a rigorous multi-step approval process. Not all prescription drugs have a generic equivalent because the drug is patented and manufactured by one company; however, about half of the drugs on the market have a generic equivalent. Talk to your doctor about getting the right medications at the best possible price.

Maintenance prescription drugs obtained through a mail order service are less costly than those obtained through a retail pharmacy. Maintenance drugs are drugs that are needed for long term use due to chronic conditions such as high blood pressure or asthma and do not include drugs prescribed for acute care services (generally a 30-day supply) where refills may not be necessary. When you order by mail, you get a larger quantity of medication at one time – up to a 90-day supply for only one copayment per prescription. Mail Order Service prescriptions are filled by registered pharmacists who are available for emergency consultations.

To begin mail order service you need to contact your health plan. Have your Member ID, prescription information or your prescription drug container handy if requiring a refill, prescribing physician's contact information and credit card information ready when you call. Your personal and medication information will be stored and referenced each time a new prescription is processed to assure against drug reactions. Mail order service is easy, safe, and accurate — the paperwork, the wait for medications, and in most cases your cost will be significantly reduced.

For more information about your prescription drug plan and the options and services that are available, contact your health plan at the customer service telephone number located on your identification card.

Medicare Part D *(continued from page 3)*

For more information about the federal Medicare Part D prescription drug plan options:

- Consult the *Medicare & You 2006* handbook, mailed in October.
- Visit the Medicare Web site, which includes fact sheets and an online Medicare Prescription Drug Plan finder tool, at: www.medicare.gov
- Call 1-800-MEDICARE (1-800-633-4227), 24 hours a day, seven days a week. TTY users should call 1-877-486-2048.

For additional information about your SHBP coverage:

- Consult the SHBP *Summary Program Description*

booklet, available on the Division's Web site, at: www.state.nj.us/treasury/pensions/shbp.htm

- Consult the Traditional Plan and NJ PLUS member booklets and the *Retiree Prescription Drug Plan for Traditional Plan and NJ PLUS Retirees* brochure provided by Horizon BCBS of New Jersey with your identification card(s), or contact Horizon BCBS;
 - Consult the SHBP participating HMO plan handbooks, or contact your provider directly;
 - Contact the Division's Office of Client Services at (609) 292-7524 or send an e-mail to: pensions.nj@treas.state.nj.us
-

SHBP Coverage for Your Child Over Age 23

An explanation of COBRA for children age 23 and a new law — Chapter 375 which provides SHBP coverage for children up to age 30

Do you have a child covered under your health plan who turns age 23 this year? A child who is age 23 as of December 31 will automatically be deleted from your coverage after December 31, 2006. However, your over age child may continue the same group coverage under the provisions of COBRA for up to 36 months. However, if the COBRA period has ended or if the child no longer qualifies for COBRA (see paragraph below for details) coverage can continue under the provisions of Chapter 375, P.L. 2005 — children may elect Chapter 375 coverage with the SHBP until their 30th birthday.

Continuing Coverage Under COBRA

COBRA is a federally regulated law that gives employees and their eligible dependents the opportunity to remain in an employer's group coverage when they would otherwise lose coverage because of certain qualifying events (such as a child attaining age 23). A child who becomes age 23 during 2006 will automatically be deleted as a "dependent" after December 31, 2006. Under COBRA an over age child will be billed once a month for the COBRA coverage (cost plus a 2 percent administrative charge) and can continue the coverage for up to 36 months. Over age children may enroll in any of the medical, dental, and/or prescription drug plans under which they were eligible. To ensure receipt of a COBRA notice and application, you must notify the SHBP if your child will no longer be eligible for coverage at the end of this year. Your child must submit a completed COBRA application within 60 days of the date the SHBP provides you with a COBRA notice or 60 days from the date of termination, whichever is later. Rates for the cost of COBRA are available on our Web site at: www.state.nj.us/treasury/pensions/shbp.htm

Ineligible for COBRA — SHBP Coverage Up to Age 30

For a child who is turning age 23 this year COBRA is the most cost effective option, but if your child is coming to the end of his or her COBRA coverage period or it is past the window of eligibility to take COBRA coverage, over age children may elect coverage with the

SHBP until age 30 under the provisions of Chapter 375, P.L. 2005.

Eligibility

If qualified, an over age child can continue SHBP coverage until he or she turns age 30 or no longer meets the specific qualifications listed below. An over age child by blood or by law must meet all of the eligibility requirements:

- is under the age of 30;
- unmarried;
- has no dependent(s) of his or her own;
- is a resident of New Jersey or is a full time student at an accredited public or private institution of higher education; and
- is not provided coverage as a subscriber, insured, enrollee, or covered person under a group or individual health benefits plan, church plan, or entitled to benefits under Medicare.

Enrollment and Cost Information

Children of retired members may be enrolled in this program at any time. The SHBP covered parent is responsible for the full cost of this extended coverage and will be billed on a monthly basis. An over age child is eligible for coverage only in the medical and/or prescription drug plan that is identical to the plan in which the parent is enrolled. There are no dental or vision benefits. You can obtain the rates for Chapter 375 coverage by visiting our Web site at: www.state.nj.us/treasury/pensions/shbp.htm

In order to enroll, you must complete a *Chapter 375 Enrollment Application* which is available on our Web site or calling the Division's Office of Client Services at (609) 292-7524. The application for over age children must be signed by both the over age child and parent responsible for paying for the cost of coverage.

Medical Plan Rates for 2007

The State Health Benefits Program has announced new rates for retiree health plans effective January 1, 2007. Notification of the new rates was mailed in October to all members who pay for their health coverage. The notification includes the rates for your selected health plan and recent changes within the SHBP. For more information on the costs for all the available plans at all coverage levels visit our Web site: www.state.nj.us/treasury/pensions/shbp.htm or contact the Division of Pensions and Benefits, Office of Client Services at (609) 292-7524. The rates are in effect through December 31, 2007

Medicare Premium Reimbursements for 2007

The U.S. Department of Health and Human Services has announced new Medicare premiums and deductibles for calendar year 2007. Among the announced changes, the monthly premium for Medicare Part B coverage has increased from \$88.50 in 2006 to \$93.50 in 2007.*

State Health Benefits Program (SHBP) members who retired with 25 years of pension credit or on a disability retirement may be eligible for reimbursement of Medicare Part B premiums. Eligible retirees of the State, State universities and colleges, and school board and county colleges are reimbursed in their pension checks, provided they receive a pension check from the State. (Alternate Benefit Program and local board of education retirees are reimbursed in a separate check.) Eligible retired local employees whose former employer provides post-retirement medical coverage may be reimbursed directly by their former employer.

Limitations on Reimbursement

Many retired members who are eligible for the Medicare reimbursement receive the full amount of the Part B premium; however, State retirees and retirees of State colleges or universities who attained 25 years of service **after** July 1, 1997, or retired on a disability retirement on or **after** August 1, 1997 are reimbursed for Medicare Part B premiums according to the terms specified in the bargaining unit (union) agreements in effect at the time they reached 25 years of service credit or retired on a disability retirement. For some of these retirees, the Medicare Part B reimbursement is capped at a maximum reimbursement level of \$46.10. Reimbursement for those SHBP members who are retired from a local employer is dependent upon the local employer's adopted agreements.

NOTE: Starting January 1, 2007 your Medicare Part B premium will be based on your income. If your income is above \$80,000 (single) or \$160,000 (married couple), your Medicare Part B premium may be higher than the standard premium of \$93.50. The SHBP is currently reviewing the laws and regulations that govern Medicare reimbursement to determine whether or not an amount greater than the standard subsidy amount is eligible for reimbursement, however, a final determination on this may not be made until well into 2007. If it is determined that an increased reimbursement is allowable, compensation will be retroactive to January 1, 2007.

Additional information about Medicare deductibles and premiums for 2007 is available over the Internet, at: www.medicare.gov, or by calling Social Security, at 1-800-772-1213.

**There also may be additional costs if you did not enroll in Medicare Part B when first eligible. For more information about Medicare Part B premiums contact Social Security.*

SHBP Retiree Dental Expense Plan Rates

Effective January 1, 2007, the rates for the Retiree Dental Expense Plan of the State Health Benefits Program (SHBP) have changed. The 2007 rates are listed at right.

All retirees of the State of New Jersey and most other retirees enrolled in the Retiree Dental Expense Plan are responsible for paying the full cost of

their coverage. Retirees wishing to make any changes to their dental coverage may obtain a *SHBP Retired Status Application*, available from the Division's Web site: www.state.nj.us/treasury/pensions/shbp.htm It is especially important for members to update their dental coverage within 60 days of a family status change, such as divorce, termination of a domestic partnership, death, or the birth or adoption of a child.

The Retiree Dental Expense Plan is administered for the SHBP by Aetna Dental. The above rates apply to those retirees who took advantage of the opportunity to enroll in the Retiree Dental Expense Plan at the time of their retirement or when they otherwise became eligible for enrollment in the SHBP's Retired Group.

Some members may have waived the opportunity to enroll in the Retiree Dental Expense Plan at retirement because of other dental coverage under a group dental plan, as a dependent or as an employee through other **public or private** employment. If you fall under this category and subsequently lose your other dental coverage, you must contact the Division of Pensions and Benefits within 60 days of losing the other dental coverage to request enrollment materials. Acceptable proof of loss of coverage, such as a letter from the employer providing date of termination of coverage, or a *HIPAA Certification of Coverage* form, must be submitted with the enrollment application.

See Fact Sheet #73, *Retiree Dental Expense Plan*, or the *Retiree Dental Expense Plan Member Handbook*, available on the Division of Pensions and Benefits Web site, at: www.state.nj.us/treasury/pensions for additional enrollment and dental plan information. If you have any further questions, you may contact the Division of Pensions and Benefits Office of Client Services at (609) 292-7524, or e-mail the Division, at: pensions.nj@treas.state.nj.us

RETIREE DENTAL EXPENSE PLAN	
COVERAGE LEVEL	MONTHLY RETIREE RATE
SINGLE	\$41.57
MEMBER AND SPOUSE ELIGIBLE DOMESTIC PARTNER	\$82.02
FAMILY	\$106.87
PARENT AND CHILD(REN)	\$61.81

HIPAA Notice for 2006

The federal Health Insurance Portability and Accountability Act (HIPAA) of 1996 requires that health plans maintain the privacy of any personal information relating to its members' physical or mental health. It also requires group health plans to implement several provisions contained within the law and to annually notify its membership of any provisions for which they file an exemption. For the plan year that began January 1, 2006, all SHBP health plans meet or exceed the federal requirements, with the exception of mental health parity for the Traditional Plan and for NJ PLUS. The State Health Benefits Commission has filed an exemption from the area of mental health parity for non-biologically based mental illness with the federal Centers for Medicare and Medicaid Services for calendar year 2006, for the **Traditional Plan and NJ PLUS**. The maximum annual and lifetime dollar limits for mental health benefits under the Traditional Plan and NJ PLUS will not change. These limitations are outlined in the *SHBP Summary Program Description*, available online, at: www.state.nj.us/treasury/pensions/shbp.htm

Oxford Changes Laboratory Service Providers

Effective January 1, 2007, the laboratory service provider for Oxford will be changing to Laboratory Corporation of America (LabCorp). Quest Diagnostics will no longer provide contracted laboratory services as a national laboratory for Oxford. Oxford participants can locate LabCorp Patient Service Centers at: www.oxfordhealth.com For more information contact Oxford's Member Services at 1-800-760-4566.

Need a New ID Card?

If you have lost your health plan member ID card and need a replacement you must contact your health plan directly. **The Division of Pensions and Benefits cannot order a replacement card for you.** All SHBP participating health plans offer access to order a new ID card online.

Telephone numbers and Web site addresses for all SHBP participating plans can be found on the Division of Pensions and Benefits Web site at: www.state.nj.us/treasury/pensions/shbp.htm

New Jersey State Health Benefits Program



Health Reporter

Tel. (609) 292-7524 Fall 2006

The selections in this publication are for information purposes only and, while every attempt at accuracy is made, it cannot be guaranteed.

If you would like to see any particular health benefits issue addressed, please forward your ideas to Health Reporter, Division of Pensions and Benefits, Office of Client Services, PO Box 295, Trenton, NJ 08625-0295 or e-mail us at: pensions.nj@treas.state.nj.us

Frederick J. Beaver

Director, Division of Pensions and Benefits

Florence J. Sheppard

Deputy Director, Benefit Operations

Steven R. Stokley

Senior Editor, Publications

Helen C. Benjamin

Barbara P. Simone

Editors, Publications

Serena M. Falzini

Kathleen M. Marsala

Graphics, Publications

PRESORTED
STANDARD
US POSTAGE PAID
TRENTON NJ
PERMIT #21

Health Reporter
New Jersey Division of Pensions and Benefits
PO Box 295
Trenton, NJ 08625-0295