

**State Health Benefits Commission**

**Meeting Minutes**

**June 11, 2019**

Adequate notice of this meeting has been provided through the annual notice of the schedule of regular meetings of the Commission filed with and prominently posted in the offices of the Secretary of State. The 2019 annual meeting schedule was mailed to the Secretary of State, Star Ledger and the Trenton Times on June 6, 2019.

The meeting of the State Health Benefits Commission of New Jersey was called to order on Tuesday, June 11, 2019 at 1:30 PM. The meeting was held at the Division of Pensions and Benefits, 50 West State Street in Trenton.

The text of Resolution A (Closed Session) and Resolution B (Executive Session) were read in their entirety in the event that the Commission desires, at any point in the meeting, to approve a motion to go into closed or executive session.

Acting Secretary Nicole Ludwig took Roll Call and established that a quorum was present.

**Roll Call**

**Commissioners:**

**Susanne Culliton**, Chairperson, representing State Treasurer Elizabeth Maher Muoio

**Holly Gaenzle**, representing Commissioner of the Department of Banking and Insurance Marlene Caride

**Dudley Burdge**, Representative for Local Government Employees

**Deirdre Webster Cobb**, CEO, Civil Service Commission (appearing telephonically)

**Absent:**

**Debra Davis**, Representative for State Government Employees

**Also Present:**

**Mark Cipriano**, New Jersey Division of Pensions and Benefits

**Nicole Ludwig**, New Jersey Division of Pensions and Benefits

**Christopher Meyer**, Deputy Attorney General

**2019 RATE PRESENTATION FOR CWA AND PPO PLANS**

Acting Secretary Nicole Ludwig reviewed SHBP PDC Resolution 2019-4 which was passed on April 16, 2019. This resolution created a plan specific to CWA members. She went on to review SHBP PDC Resolution 2019-5 which was passed on May 20, 2019. This resolution created the PPO Plan for Local Government and State members, for whom the CWA plan does not apply.

Michele Engle along with Jonathan Nemeth went over the Memo provided to the Commission on June 10, 2019, outlining the two new plans created by the SHBP PDC. Mr. Nemeth went over the rate reports for both plans.

**CWA UNNITY PLAN:**

Mr. Nemeth explained the major difference in the CWA plan as it relates to the PPO15 plan is in regards to the out-of-network fee and schedule, labs and coinsurance.

The most notable change is the out-of-network fee schedule went from Fair Health to 175% of CMS with the exception of mental health which is at 195%. Maternity is also at the 195% for those under current maternity care it should run through 9 months starting on July 1.

**CWA Unity & NJDirect PPO Plan Premiums:**

The following chart shows the monthly CWA PPO and NJDIRECT PPO plan premiums for current State Active Employees as well as State Actives hired on or after July 1, 2019. The monthly premiums illustrated are representative of an “18-month premium” effective July 1, 2019 through December 31, 2020:

**18-Month Premium Effective July 1, 2019  
State Actives and New Hire CWA PPO and NJDIRECT PPO Monthly Plan Premiums**

	18 Month Premium Effective July 1, 2019			
	CWA Unity PPO	NJDIRECT PPO	CWA Unity PPO New Hire	NJDIRECT PPO New Hire
<b>Medical</b>				
Single	\$666	\$666	\$663	\$663
EE+Spouse	\$1,333	\$1,333	\$1,326	\$1,326
EE+Family	\$1,906	\$1,906	\$1,896	\$1,896
EE+Child(ren)	\$1,240	\$1,240	\$1,233	\$1,233
<b>Rx</b>				
Single	\$115	\$115	\$115	\$115
EE+Spouse	\$229	\$229	\$229	\$229
EE+Family	\$328	\$328	\$328	\$328
EE+Child(ren)	\$213	\$213	\$213	\$213
<b>Total</b>				
Single	\$781	\$781	\$778	\$778
EE+Spouse	\$1,562	\$1,562	\$1,555	\$1,555
EE+Family	\$2,234	\$2,234	\$2,224	\$2,224
EE+Child(ren)	\$1,453	\$1,453	\$1,446	\$1,446

Note: Numbers may not add due to rounding

The following chart shows the monthly CWA plan premiums for Early Retirees. The monthly premiums illustrated are representative of an “18-month premium” effective July 1, 2019 through December 31, 2020:

**State Early Retirees CWA Unity PPO Plan Premiums**

	<b>18 Month Premium Effective 7/1/2019</b>
<b>Medical</b>	
Single	\$948
EE+Spouse	\$2,067
EE+Family	\$2,351
EE+Child(ren)	\$1,327
<b>Rx</b>	
Single	\$195
EE+Spouse	\$426
EE+Family	\$484
EE+Child(ren)	\$273
<b>Total</b>	
Single	\$1,143
EE+Spouse	\$2,493
EE+Family	\$2,836
EE+Child(ren)	\$1,601

For State CWA Actives, it is assumed that the current PPO plan options (PPO15, PPO1525, PPO2030, PPO 2035) are eliminated, and current enrollees migrate to the Active CWA PPO plan option with no in-network deductible. The monthly premiums assume that all new hires beginning July 1, 2019 will automatically be enrolled in an alternative New Hire CWA PPO plan design that includes an in-network deductible. Additionally, all new CWA State Early Retirees beginning July 1, 2019 will automatically be enrolled in the Early Retiree CWA PPO enroll in the CWA or NJDIRECT PPO plans. No Early Retiree plan options are assumed to be eliminated.

### CWA Plan and NJDIRECT PPO Designs

The chart below shows the Current Active, New Hire and Early Retiree CWA PPO Plan designs:

State Group Plan Design Component	Current Active		New Hire		Early Retirees
	CWA Unity PPO Plan	NJDIRECT PPO Plan	CWA Unity PPO Plan	NJDIRECT PPO Plan	CWA Unity PPO Plan
<b>In-Network (IN)</b>					
Deductible	\$0	\$0	\$100	\$100	\$0
OOP Max	\$6,320 / \$12,640	\$6,320 / \$12,640	\$6,320 / \$12,640	\$6,320 / \$12,640	\$6,549 / \$13,098
Coinsurance Max	\$800 / \$2,000	\$800 / \$2,000	\$800 / \$2,000	\$800 / \$2,000	\$800 / \$2,000
Coinsurance	10%	10%	10%	10%	10%
PCP and SCP	\$15 Copay				
Emergency Room	\$150 Copay				
<b>Out-of-Network(OON)</b>					
Deductible	\$400 / \$1,000	\$400 / \$1,000	\$400 / \$1,000	\$400 / \$1,000	\$400 / \$1,000
OOP Max	\$2,000 / \$5,000	\$2,000 / \$5,000	\$2,000 / \$5,000	\$2,000 / \$5,000	\$2,000 / \$5,000
Coinsurance	30% (based on 175% CMS*)				
Inpatient Hospital Deductible	\$500/stay	\$500/stay	\$500/stay	\$500/stay	\$500/stay
Routine Lab Services	Not Covered				
<b>Prescription Drug</b>					
OOP Max	\$1,580 / \$3,160	\$1,580 / \$3,160	\$1,580 / \$3,160	\$1,580 / \$3,160	\$1,351 / \$2,702
Retail Copay	\$7 / \$16 / MPD	\$7 / \$16 / \$35 / MPD			
Mail Copay	\$18 / \$40 / MPD	\$5 / \$40 / \$88 / MPD			

### NJ PPO Plan:

Beginning July 1, 2019, current Local Government Active Employees will be offered the proposed NJDIRECT PPO plan option with no in-network deductible. Additionally, Local Government Active Employees hired on or after July 1, 2019 will be offered an alternative NJDIRECT PPO plan option that includes an in-network deductible.

The proposed Active and New Hire NJDIRECT PPO plan options are assumed to have an out-of-network reimbursement equal to 175% of CMS. The OON reimbursement for mental health and substance abuse (MH/SA) benefits is assumed to be equal to 195% of CMS. Furthermore, it is assumed that out-of-network routine lab services are not covered in the proposed Active and New Hire NJDIRECT PPO plan options.

### Projection Assumptions

The monthly premium rates shown above were developed on an incurred basis using assumptions and methodologies consistent with the Mid-Year Reports dated April 1, 2019. Additional assumptions include:

- Local Government per member NJDIRECT PPO Plan medical and prescription drug costs were estimated based on actual PPO15 plan experience.

- Plan Year 2019 and Plan Year 2020 Local Government prescription drug and medical trends are assumed to be the following:

State Actives	Plan Year 2019	Plan Year 2020
Medical PPO	4.50%	5.00%
Medical HMO	6.00%	5.50%
Prescription Drug	7.00%	7.00%
State Early Retirees	Plan Year 2019	Plan Year 2020
Medical PPO	5.00%	5.00%
Medical HMO	6.00%	5.50%
Prescription Drug	7.00%	7.00%

- Recommended trends are developed using vendor recommended trends, national Aon trend guidance (which reflects vendor surveys, Pharmacy Benefit Manager national surveys and other external sources) as well as actual SHBP plan experience adjusted for expected future trends.
- The Active medical and prescription drug trends have been increased by 25 basis points in Plan Years 2019 and 2020 to reflect the potential impact of a reduction in the overall average health status of participants given that Local employers can enter and exit the SHBP. This anti-selection adjustment is not applicable for the self-insured Medicare medical and fully-insured Medicare Advantage premiums. This adjustment is consistent with Horizon's expectations and reflects anti-selection risk which could affect the SHBP's overall loss ratio.
- The Plan Year 2019 per employee administrative fees are based on information provided by the vendors. The Plan Year 2020 administrative fees are assumed to increase 2.5%.
- For Plan Year 2020, total Local Government Active enrollment is assumed to increase 2.5%.

Estimated Plan Year 2019 and Plan Year 2020 medical and prescription drug costs for the plan design changes are based on the theoretical difference in actuarial value determined using Aon's proprietary actuarial value model. Aon's actuarial value model incorporates national average cost, utilization and demographic data combined with plan design provisions specific to the SHBP (e.g. – copays, deductibles, etc.).

The out-of-network (OON) reimbursement savings are based on estimated impacts provided by Horizon. The impact of OON reimbursement for Mental Health and Substance Abuse services is estimated based on impacts from Horizon. The impacts are assumed to apply to both the Horizon and Aetna populations.

It is assumed that out-of-network (OON) routine lab services are not covered in the proposed Active and New Hire NJDIRECT PPO plan options. The additional savings associated with changing the OON reimbursement for routine lab services from 150% of CMS to eliminating coverage for all PPO plan options is approximately \$6,000,000 for Local Government Actives. These savings estimates were provided by the State and were used by Aon to develop estimated savings factors for the proposed Active and New Hire NJDIRECT PPO plan options.

- It is assumed that the Current Active and New Hire NJDIRECT PPO plan options will be offered by both Horizon and Aetna.
- Prescription drug rebates for Plan Years 2019 and 2020 are based on guidance from Optum.
- Since the Active and New Hire NJDIRECT PPO plan options have the same prescription drug plan design as the current PPO15/25 plan option, it is assumed that the NJDIRECT PPO per members prescription drug costs are the same as the PPO15/25. The NJDIRECT PPO MMRx design is assumed to be the same as the current PPO 15/25 design.
- Premiums are shown for Local Government Actives. The premiums do not include any impact due to migration or changes in utilization except where noted. Any differences in actual migration, expected utilization, or turnover could result in substantially different premium estimates.

## Monthly Premium Rates:

The following methodology and assumptions were used to determine the premium shown above:

- The Local Government Active NJDIRECT PPO Plan Year 2019 premiums are based on Plan Year 2019 estimated cost and premium rates trended to the mid-point of the 18-month projection period. Premiums were adjusted to reflect the theoretical difference in actuarial value determined using Aon's proprietary actuarial value model as well as benefit change estimates provided by the medical and prescription drug vendors. Aon's actuarial value model incorporates national average cost, utilization, and demographic data combined with plan design provisions specific to the SHBP (e.g. – copays, deductibles, etc.)

Commissioner Burdge asked how the trend was developed. Mr. Nemeth explained the trend was based on a mid-year report. Commissioner Burdge asked if the 10-11% saving are driven from the switch from Fair Health to a percent of CMS. Mr. Nemeth stated the switch to percent of CMS was a savings of about 5%, 1% savings. The changes in labs and the remaining 5% was due to other plan design changes.

Commissioner Burdge asked regarding the out-of-network claims, what categories will providers now see higher reimbursement rates, due to the change to percent of CMS. Mrs. Engle stated that Mental and Behavior Health may see an increase of reimbursement with the new structure, where other areas may see a decrease in reimbursement.

Acting Secretary Ludwig handed out the CWA Unity and the PPO Plan resolutions, and stated the CWA plan is still listed as DRAFT as there is language that the PDC added. The additional language included an increase of NJWell participation of \$350 per member. There is also an amendment to footnote 2 (page 3) the copay for Pediatric ER visits is \$50 as well as for those who are referred to the ER by the primary care physician.

Chairperson Culliton made a motion to go into executive session to seek advice from the Deputy Attorney General.

Upon return from Executive Session, Commissioner Burdge made a motion to approve the rates as they have been presented by Aon for CWA Unity and the NJDirect PPO plans, for the State Employees, and Early Retirees. Commissioner Webster Cobb seconded the motion; all voted in favor.

Acting Secretary Nicole Ludwig noted that the rates for Local Government would need to be approved as well. Mr. Nemeth of Aon presented on the Local Government Employee and Early Retiree Rates, stating the rates are very similar. He noted there are three major differences, the premiums for Local Government are slightly higher. The rates are built on 25 basis points for anti-selection, citing that not all local governments participate in the program. The final difference, the Local Government plan has a claim's stabilization reserve. Aon did reflect the claim stabilization reserve for the portion of the rate that will take place in 2019. But Aon did not assume that any additional claim stabilization reserve would be reflected in 2020 when the premium rates were developed. Mr. Nemeth added, other than the three items the process was identical. The rates in Exhibit-1 are about 10% higher than the state premium rates are.

Commissioner Burdge asked if there is any idea what the difference would be from the NJDirect plan, since it is the dominant plan. Aon advised they did not have that information but would provide it as a follow up at a later date.

Commissioner Burdge asked how the rates will vary for those locations that do not chose the prescription plan. Mrs. Engle of Aon explained that is broken out the charts provided.

**Medical and Rx Card  
Local Government Active and New Hire NJDIRECT PPO Monthly Plan Premiums**

	18 Month Premium Effective July 1, 2019	
	NJDIRECT PPO	NJDIRECT PPO New Hire
<b>Medical</b>		
Single	\$729	\$726
EE+Spouse	\$1,459	\$1,451
EE+Family	\$2,035	\$2,025
EE+Child(ren)	\$1,306	\$1,299
<b>Rx Card</b>		
Single	\$133	\$133
EE+Spouse	\$267	\$267
EE+Family	\$372	\$372
EE+Child(ren)	\$239	\$239
<b>Total</b>		
Single	\$863	\$859
EE+Spouse	\$1,726	\$1,718
EE+Family	\$2,407	\$2,397
EE+Child(ren)	\$1,545	\$1,538

Note: Numbers may not add due to rounding

**Medical w/MMRx**  
**Local Government Active and New Hire NJDIRECT PPO Monthly Plan Premiums**

	18 Month Premium Effective July 1, 2019	
	NJDIRECT PPO	NJDIRECT PPO New Hire
<b>Medical</b>		
Single	\$729	\$726
EE+Spouse	\$1,459	\$1,451
EE+Family	\$2,035	\$2,025
EE+Child(ren)	\$1,306	\$1,299
<b>MMRx</b>		
Single	\$96	\$96
EE+Spouse	\$191	\$191
EE+Family	\$267	\$267
EE+Child(ren)	\$171	\$171
<b>Total</b>		
Single	\$825	\$821
EE+Spouse	\$1,650	\$1,643
EE+Family	\$2,302	\$2,292
EE+Child(ren)	\$1,477	\$1,470

## NJDIRECT PPO Designs

The chart below shows the Current Active and New Hire NJDIRECT PPO Plan designs:

Local Government Plan Design Component	NJDIRECT PPO Plan	
	Current Active	New Hire
<b>In-Network (IN)</b>		
Deductible	\$0	\$100
OOP Max	\$6,320 / \$12,640	\$6,320 / \$12,640
Coinsurance Max	\$800 / \$2,000	\$800 / \$2,000
Coinsurance	10%	10%
PCP and SCP	\$15 Copay	\$15 Copay
Emergency Room	\$150 Copay	\$150 Copay
<b>Out-of-Network (OON)</b>		
Deductible	\$400 / \$1,000	\$400 / \$1,000
OOP Max	\$2,000 / \$5,000	\$2,000 / \$5,000
Coinsurance	30% (based on 175% CMS*)	30% (based on 175% CMS*)
Inpatient Hospital Deductible	\$500/stay	\$500/stay
Routine Lab Services	Not Covered	Not Covered
<b>Prescription Drug Rx Card</b>		
OOP Max	\$1,580 / \$3,160	\$1,580 / \$3,160
Retail Copay	\$7 / \$16 / MPD	\$7 / \$16 / MPD
Mail Copay	\$18 / \$40 / MPD	\$18 / \$40 / MPD
<b>Prescription Drug MMRx</b>		
OOP Max	\$800 / \$2,000	\$800 / \$2,000
Retail Copay	15% Coinsurance	15% Coinsurance
Mail Copay	15% Coinsurance	15% Coinsurance

\* OONreimbursement for MHSA is 195%

### NJDIRECT PPO Plan Option

Beginning July 1, 2019, current Local Government Active Employees will be offered the proposed NJDIRECT PPO plan option with no in-network deductible. Additionally, Local Government Active Employees hired on or after July 1, 2019 will be offered an alternative NJDIRECT PPO plan option that includes an in-network deductible.

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## Projection Assumptions

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Local Government Actives	Plan Year 2019	Plan Year 2020
Medical PPO*	4.50%	5.00%
Medical HMO*	6.00%	5.50%
Prescription Drug*	7.00%	7.00%

\*Does not include any anti-selection trend adjustments outlined below

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## Monthly Premium Rates

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- The 18-month premiums effective July 1, 2019 were adjusted to reflect the Local Government Active CSR drawdown that was reflected in the Final Plan Year 2019 Local Government Renewal Reports. No CSR adjustment is reflected for Plan Year 2020.

Commissioner Burdge made a motion to accept the rates through NJDirect PPO plan for Local Government Employees. Commissioner Gaenzle seconded the motion; all voted in favor.

### Adjournment:

There being no further business, Commissioner Burdge made a motion to adjourn. Chairperson Culliton seconded the motion; all voted in favor. The meeting adjourned at 2:20pm.

Sincerely,

A handwritten signature in black ink that reads 'Nicole Ludwig'.

Nicole Ludwig  
Acting Secretary State Health Benefit Commission