

**SHBP PDC RESOLUTION # 2020-3**

**RESOLUTION OF THE STATE HEALTH BENEFITS PROGRAM PLAN DESIGN COMMITTEE TO INCENTIVIZE MAIL ORDER PRESCRIPTIONS AND ADOPT \$0 COPAYS FOR GENERIC MAIL ORDER PRESCRIPTION DRUGS**

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 statute creating 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 premiums; and

WHEREAS, the costs to employees, retirees and employers for continued health care benefits and prescription drug benefits at comparable levels of coverage continue to increase exponentially and the ability for employers and employees to pay for these benefits has strained the budgets of the State and local employers and causes increased costs to participants; and

WHEREAS, the SHBP Plan Design Committee recognizes that pharmaceuticals, an integral part of medical treatment, keep patients healthier and extend or save lives and in many situations, proper pharmaceutical use is documented to save money by avoiding costly hospitalization, emergency room use, moving to a nursing home or repeat visits to specialists; and

WHEREAS, the SHBP Plan Design Committee seeks to adopt a plan design change which would encourage utilization by plan participants of generic drug products, as that term is defined in N.J. S.A. 52:14-17.46.6.; and;

WHEREAS, the SHBP Plan Design Committee recognizes that the federal Food and Drug Administration (FDA), which approves all drug products sold legally in the United States, certifies the “safety and suitability of generic drugs and encourages their use” and that all generic drugs must meet the same strict quality guidelines and have exactly the same active ingredient as brand-name drug equivalents; and

WHEREAS, the Division of Pensions and Benefits authorized implementation of a program that encourages non-Medicare eligible members in the SHBP prescription plan that are on maintenance medications to utilize mail order service through Optum Rx, by requiring members to make an affirmative election of whether to continue purchasing prescription drugs through retail or through the mail order service program by contacting Optum Rx via telephone or on the Optum Rx online portal; and

WHEREAS; in order to incentivize members to utilize mail order service for generic drugs, the SHBP Plan Design Committee seeks to reduce the member copay for generic prescriptions filled through the mail service program; and

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WHEREAS, the above-described plan design change is within the scope of the State Health Benefits Design Committee pursuant to P.L. 2011, c.78;

WHEREAS, pursuant to N.J.S.A. 52:14-17.29(D) the Committee finds that it is in the best interest of the State, local employers, and employees and to incentivize utilization of cost effective generic drug products; and

WHEREAS, on September 6, 2019, the SHBP Plan Design Committee, adopted Resolution 2019-10 (attached), that specified that if a generic substitution applies, where filled through the State's Pharmacy Benefit Manager's Mail Order Pharmacy by active members, the be a \$0 copay.

NOW THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. That the SHBP Plan Design Committee continues the approval of the design of the prescription drug program administered by Optum Rx for active members, including the requirement that prescriptions for generic drug products or prescriptions for which generic substitution applies, which are filled through the State's Pharmacy Benefit Manager's Mail Order Pharmacy by active members, shall have a \$0 copay; and.
2. The foregoing mail order generic provision shall not apply to retirees, including Medicare eligible retirees; and
3. The Committee requests that the State Health Benefits Commission and/or Division of Pensions and Benefits take appropriate action to effectuate a modification of the existing contract, if required, and to require that the Pharmacy Benefits Manager provide adequate notice to the plan participants of the changes, including notice to Medicare eligible retirees that such changes shall not apply to them.
4. The Mail Order Generic \$0 copay shall continue for one plan year and will continue thereafter only by an affirmative majority vote of the Committee.

DATED: August 31, 2020

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



2019-10