



State of New Jersey
DEPARTMENT OF THE TREASURY
DIVISION OF PENSIONS AND BENEFITS
(609) 292-7524 TDD (609) 292-7718
www.state.nj.us/treasury/pensions

JON S. CORZINE
Governor

MAILING ADDRESS:
PO Box 295
TRENTON, NJ 08625-0295

LOCATION:
50 WEST STATE STREET
TRENTON, NEW JERSEY

MICHELLENE DAVIS
Acting State Treasurer

FREDERICK J. BEAVER
Director

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TO: Participating Local Education SHBP Certifying Officers,
Human Resources Representatives, and Benefit Administrators

FROM: Florence J. Sheppard
Deputy Director, Benefit Operations

SUBJECT: New State Health Benefits Program (SHBP) Medical Plans and Rates

The State Health Benefits Program (SHBP) Special Open Enrollment for local education employees will begin on **January 28, 2008 and end on February 15, 2008**. All changes to coverage made during this open enrollment will be effective on April 1, 2008.

Completed employer-certified *SHBP Applications* should be forwarded to the Health Benefits Bureau as soon as they are received from employees. Due to the expected large volume of applications, please do not hold applications or send them in at one time. The last day that certified applications may arrive at the Health Benefits Bureau is February 22, 2008.

As outlined in our letter of December 20, 2007, members will be *automatically transferred* from their existing plans into the corresponding new plans as of April 1, 2008. Please remember that members do not need to submit an application if they are satisfied with the automatic transfer outlined in that letter. See "Additional Information" below for more details.

Our earlier letter also indicated that the SHBP would be conducting regional employee informational seminars. Unfortunately due to time constraints and limited staff, the SHBP will not be able to conduct these seminars; however, online presentations linked from the SHBP Home page will be available to employees (Webex player download may be required). In addition, plan administrators will be able to participate in health fairs on a limited basis. Employers must have at least 150 participating members to schedule a fair. Please contact your plan representatives directly to schedule participation.

MEDICAL PLANS

The SHBP is offering two types of medical plans, a **Preferred Provider Organization (PPO)** and **Health Maintenance Organizations (HMO)**.

The new PPO will offer two options known as **NJ DIRECT10** and **NJ DIRECT15**.

NJ DIRECT10 and NJ DIRECT15 are both similar in design to the current NJ PLUS plan, providing in-network and out-of-network medical care. NJ DIRECT differs from NJ

PLUS in that NJ DIRECT is available nationwide, members are not required to choose a primary care physician, and do not need a referral for in-network services.

- The copayment for **NJ DIRECT10** *in-network* primary doctor visits and visits to a network specialist is \$10. Most *out-of-network* services are reimbursed at 80% of the “reasonable and customary” allowance after annual deductibles are met.
- The copayment for **NJ DIRECT15** *in-network* primary doctor visits and visits to a network specialist is \$15. Most *out-of-network* services are reimbursed at 70% of the “reasonable and customary” allowance after annual deductibles are met.

If treatment for an illness or injury was provided during the last three months of 2007 (assuming the member did not reach the deductible in 2007) or the first three months of 2008 in either NJ PLUS or the Traditional Plan, the eligible charges that were applied toward the annual deductibles may be counted toward meeting the out-of-network deductible under NJ DIRECT for 2008. In addition, the annual and lifetime accumulations as well as the 2008 out-of-pocket balances from NJ PLUS and the Traditional Plan will carry forward into NJ DIRECT.

Since the benefit design of NJ DIRECT10 and NJ DIRECT15 are identical except for copayment and out-of-network reimbursement amounts, a local education employer is permitted, through the negotiation process, to offer one or the other of the NJ DIRECT options. A resolution by the governing board must be submitted to the SHBP 60 days prior to the effective date of the change.

The two HMO plans, **Aetna HMO** and **CIGNA HealthCare**, are available to all employees. Both HMOs have expanded networks and provide services nationwide. When an employee enrolls in an HMO he or she selects a Primary Care Physician (PCP) from a group of participating providers contracted by the HMO. All services, except emergencies, are coordinated through the PCP.

- The copayment for HMO *in-network* primary doctor visits and visits to a referred specialist is \$10.

There is no option in an HMO for *out-of-network* care (except for emergencies).

An informational brochure, *A Guide to Choosing a SHBP Health Plan*, describes the new medical plans in additional detail, see “Additional Information” below.

RATES FOR 2008

The State Health Benefits Commission has approved new health and prescription drug plan rates for the period April 1, 2008 through December 31, 2008. These rates are based upon the recommendation of the Commission’s actuarial consultant, Aon Consulting and represent an overall decrease of 10% for the local education group. Since the SHBP self-funds all of its medical plans, the claims experience used in projecting these costs are based upon the actual claims experience of the group.

Rate charts are included with this letter and can also be accessed on the Division’s Web site at: www.state.nj.us/treasury/pensions/shbp.htm

ADDITIONAL INFORMATION

An informational brochure, *A Guide to Choosing a SHBP Health Plan* will be delivered to Local Education Employers by January 28, 2008. The Guide outlines the plan designs of all SHBP medical plans and describes the automatic transfer of members to the new plans. The Guide is also available on the Division's Web site at:
www.state.nj.us/treasury/pensions/shbp.htm.

By the start of the Open Enrollment period (January 28th), each medical plan will have a SHBP dedicated Web site available with plan information. Plan telephone numbers are now operational. See *A Guide to Choosing a SHBP Health Plan* for telephone and Web site information.

Participating provider information for all SHBP medical plans is available in the Unified Provider Directory (UPD). The UPD is an online service that provides a comprehensive listing of health care providers and facilities within the New Jersey area that deliver their services through one or more of the SHBP's health care plans. Updated monthly, you can access the UPD through the SHBP home page at:
www.state.nj.us/treasury/pensions/shbp.htm.

A copy of the revised *New Jersey State Health Benefit Program Application* is enclosed for your use. Please remember that employees do not need to submit an application if they are satisfied with the automatic transfer outlined in the *Guide to Choosing a SHBP Health Plan*.

The revised *SHBP Plan Comparison Summary* is also enclosed. This redesigned and easily printed document is available on our Web site, and printed copies will be available and distributed to employers in February.

If you have any questions about the SHBP Special Open Enrollment or the information in this letter, please contact our Office of Client Services at (609) 292-7524 to speak with an Employer Group representative. Continue to check our Web site for additional information concerning the Open Enrollment

Thank you for your assistance in making the SHBP Special Open Enrollment a success for your employees.

Enclosures:
Health Plan Rate Charts
SHBP Application
Plan Comparison Summaries