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September 10, 2009

TO: School Employees' Health Benefits Program Participating Local Education Employers

FROM: New Jersey School Employees' Health Benefits Program

SUBJECT: SEHBP Open Enrollment 2009 — Local Education Employers

The School Employees' Health Benefits Program (SEHBP) Open Enrollment Period for local education employees will begin on **October 1, 2009 and end on October 30, 2009**. All changes to coverage made during this open enrollment will be effective on January 1, 2010.

For changes made during this Open Enrollment, completed employer-certified *Health Benefit Applications* and/or *Dental Plan Applications* should be forwarded to the Health Benefits Bureau as soon as they are received from employees. The last day that certified applications may arrive at the Health Benefits Bureau to be effective for the start of the new plan year is November 6, 2009.

DOCUMENTATION REQUIREMENTS FOR DEPENDENTS

There are new documentation requirements if a member is enrolling a dependent for coverage (spouse, partner, child). Along with the employer-certified *Health Benefit Applications* and/or *Dental Plan Application* the following documents are required to verify the dependent's relationship to the member and eligibility for coverage.

- **Employees who are enrolling a spouse** as a dependent in the SEHBP for the first time are required to provide a photocopy of the marriage certificate **and** a copy of the top half of the front page of the employee's most recently filed federal tax return (*Form 1040**) that lists the spouse.
- **An employee enrolling a civil union partner** as a dependent is required to provide a photocopy of the *NJ Civil Union Certificate* — or a valid certification from another State of foreign jurisdiction that recognizes same-sex civil unions (for an eligible domestic partner provide a photocopy of the *NJ Certificate of Domestic Partnership* that is dated prior to February 19, 2007, or a valid certification from another State of foreign jurisdiction that recognizes same-sex domestic partnerships) **and** a photocopy of the top half of the front page of the employee's most recently filed NJ income tax return* that also lists the partner.

**If the Form 1040 does not list the spouse or partner, the employee should provide a photocopy of a recent (within 90 days of application) bank statement or utility bill that includes both name of the employee and spouse and is received at the same address. Employees may black out all financial information and all but the last 4 digits of any Social Security numbers.*

- **Employees who are enrolling a child** as a dependent in the SEHBP for the first time are required to provide a photocopy of the child's birth certificate showing the employee's name as a parent. If the employee's name is not on the birth certificate, the birth certificate **and** a copy of the top half of the front page of the employee's most recently filed federal tax return (*Form 1040**) that lists the child may be submitted.

For a **step child** provide a photocopy of the child's birth certificate showing the spouse/partner's name as a parent; **and** a photocopy of marriage/partnership certificate showing the names of the employee and spouse/partner **and** a copy of the top half of the front page of the employee's most recently filed federal tax return (*Form 1040**) that lists the child.

For a **legal guardianship, adoption, grandchild, or foster child**, provide a photocopy of Affidavits of Dependency, a Final Court Order with the presiding judge's signature and seal, or an Adoption Final Decree with the presiding judge's signature and seal, **and** a copy of the top half of the front page of the employee's most recently filed federal tax return (*Form 1040**) that lists the child.

**Employees may black out all financial information shown on the Form 1040 and all but the last 4 digits of any Social Security numbers.*

Note: Additional documentation requirement for the continuation of coverage for children over the age of 23 or for children with disabilities can be found on the SHBP Web site at: www.state.nj.us/treasury/pensions/shbp.htm

To ensure that the documentation submitted is properly matched to the employee's record, the Health Benefits Bureau requests that employers provide the employee's Social Security number and last name on the copy of the required documentation.

Please note that starting in January the SEHBP's health consultant, Aon Consulting, will be conducting a full legal documentation audit of *all current local education subscribers* who cover dependents. Subscribers will be required to provide legal documentation verifying a dependent's relationship to the subscriber. This open enrollment period may be a good opportunity to remind employees to review the individuals covered under their medical plan and make any necessary updates.

2010 SEHBP RATES FOR EMPLOYERS

The School Employees' Health Benefits Commission has approved health and prescription drug plan rates for the 2010 plan year. The State Health Benefits Commission has approved dental rates for the 2010 plan year. These rates are based upon the recommendation of the Commissions' actuarial consultant, Aon Consulting.

Effective January 1, 2010, SEHBP plan rates for the Local Education Active Group will see the following percentage of change.

MEDICAL AND PRESCRIPTION PLANS

PLAN TYPE	RATE INCREASE
NJ DIRECT10	25%
NJ DIRECT15	25%
Aetna HMO	24%
CIGNA HealthCare HMO	24%
Prescription Drug Plan	7%

DENTAL PLANS

PLAN TYPE	RATE INCREASE
Dental Expense Plan	2%
Dental Provider Organizations (DPO) (BeneCare, Community, CIGNA, Horizon)	0%
Aetna DPO	-2%
Healthplex DPO	-4%

MEDICAL AND PRESCRIPTION DRUG PLANS AND COPAYMENTS

The SEHBP currently offers local education employees a choice of one of four medical plans.

- **NJ DIRECT10** — a Preferred Provider Organization administered by Horizon Blue Cross Blue Shield of New Jersey that offers a selection of both in-network coverage with a \$10 office visit copayment and out-of-network coverage subject to deductibles and coinsurance; or
- **NJ DIRECT15** — a Preferred Provider Organizations administered by Horizon Blue Cross Blue Shield of New Jersey that offers a selection of both in-network coverage with a \$15 office visit copayment and out-of-network coverage subject to deductibles and coinsurance; or
- **Aetna HMO** or **CIGNA HealthCare HMO** — standard Health Maintenance Organization (HMO) plans offering in-network coverage through a primary care physician for a \$10 office visit copayment.

A side-by-side comparison of medical plan benefits is available in the *Plan Comparison Summary for Local Education Employees*, available for viewing or printing at the Health Benefits Web site: www.state.nj.us/treasury/pensions/sehbp.htm

Medco Health Solutions, Inc., of Franklin Lakes, New Jersey, has been awarded the contract for pharmacy benefits management for the SEHBP to be effective with the 2010 plan year. As the SEHBP goes through the implementation process, employees will receive more information and it will also be posted to the SEHBP Web site as it becomes available.

The SEHBP offers two types of prescription drug plans to participating employers: **The Employee Prescription Drug Plan** and a **prescription drug plan based on medical plan enrollment**.

The Employee Prescription Drug Plan is offered to local government employers as a freestanding prescription drug plan. If your employing entity has chosen to participate:

- Copayments for a 30 day supply when purchased at a retail pharmacy are \$3 for generic drugs, \$10 for brand name prescription drugs.
- Mail order prescription drug copayments for up to a 90-day supply are \$5 for generic drugs, \$15 for brand name drugs.

Prescription Drug Plan based on medical plan enrollment

- Subscribers in **NJ DIRECT10** or **NJ DIRECT15** are provided reimbursement of prescription drug costs at 90% for prescriptions filled by an in-network pharmacy or 80% (NJ DIRECT10) or 70% (NJ DIRECT15) for prescriptions filled by an out-of-network pharmacy.
- Subscribers in **Aetna HMO** or **CIGNA HealthCare HMO** are provided a three tier copayment benefit. Copayments for a 30 day supply when purchased at a retail pharmacy are \$5 for generic drugs, \$10 for preferred brand name drugs, and \$20 for all other brand name drugs. Mail order copayments for up to a 90-day supply are \$5 for generic drugs, \$15 for preferred brand name drugs, and \$25 for all other brand name drugs.

Employer rate charts for medical plans — with either separate or medical plan based prescription drug coverage — as well as Employee Prescription Drug Plan rates are included in this mailing. Rate information is also available on the SEHBP Web site: www.state.nj.us/treasury/pensions/sehbp.htm.

EMPLOYEE DENTAL PLANS

The **Employee Dental Plans** are offered to local education employers as a freestanding dental plan. If your employing entity has chosen to participate there are seven different dental plans offered based on one of two different plan designs — **Dental Plan Organizations (DPO)** and a **Dental Expense Plan**.

- Six **DPOs** are available: **Aetna DMO**; **BeneCare**; **CIGNA DHMO**; **Community Dental Associates**; **Healthplex**; and **Horizon Dental Choice**. DPOs contract with a network of providers for dental services. When you use a DPO dentist, diagnostic and preventive services are covered in full. Most other eligible expenses require a small copayment. You must use providers participating with the DPO you select to receive coverage. Be sure you confirm that the dentist or

dental facility you select is taking new patients and participates with the SHBP Employee Dental Plans, since DPOs also service other organizations.

- The **Dental Expense Plan** is an indemnity type plan administered by **Aetna** that allows members to obtain services from any dentist. After satisfying an annual deductible (no deductible for preventive services), members are reimbursed a percentage of the reasonable and customary charges for most services.

Effective with the 2010 plan year, the maximum employee cost for coverage under a dental plan will be 50 percent of the actual dental plan premium. (In the past, the maximum and employee paid was 50 percent of the *average* of all DPO premiums.) Therefore, the employee cost will vary depending on which dental plan an employee chooses; however, the rate for coverage under a DPO remains considerably less expensive than the Dental Expense Plan. Rate charts for dental coverage can be found on our Web site: www.state.nj.us/treasury/pensions/sehbp.htm

A side-by-side comparison of dental plan benefits is available in Fact Sheet #37, *Employee Dental Plans*, which is available on our Web site: www.state.nj.us/treasury/pensions/sehbp.htm

Employees must remain enrolled in a dental plan for a minimum of 12 months before they will be allowed to change plans. This means that if an employee was not enrolled in a dental plan as of January 1, 2009, they will not be permitted to change dental plans during this Open Enrollment.

OPEN ENROLLMENT INFORMATIONAL MATERIALS

Please note that the SEHBP is not conducting health fairs during this open enrollment period.

MILESTONES — Enclosed is a milestone chart that lists the critical dates of the open enrollment period and outlines the efforts being made to educate employees. Please use this chart as a checklist to guide your activities during open enrollment.

RATE CHARTS — Enclosed you will find employer rates for medical, prescription drug, and dental plans. Rate information is also posted to the Web site at: www.state.nj.us/treasury/pensions/sehbp.htm

HEALTH CAPSULE — The *Health Capsule* newsletter announces the SEHBP Open Enrollment to employees, lists important changes, and provides other information that may affect employee benefit selection. A sample is enclosed for your review.

The *Health Capsule* newsletter will be shipped directly to local education employers in mid-September. Please distribute the newsletter to employees prior to the start of the Open Enrollment.

HEALTH PLAN CONTACTS — A list of medical and dental plans, telephone contact information, Web site addresses, and service areas is enclosed. Please copy and provide this information to your employees for obtaining detailed plan information, inquiries about claims, or to find participating medical or dental providers*.

A separate list of employer marketing contacts for the medical and dental plans is also enclosed. Use these contacts to obtain plan specific literature. (These telephone numbers are not for member services. Please do not give these telephone numbers to your employees.)

* **Note:** *The online Unified Provider Directory (UPD) is no longer available.*

HEALTH AND DENTAL PLAN APPLICATIONS — The medical plans (including prescription drug coverage) and the Employee Dental Plans use two different applications. The health and dental applications are available for printing from the Web site at: www.state.nj.us/treasury/pensions/sehbp.htm

SUMMARY PROGRAM DESCRIPTION (SPD) BOOKLET, PLAN HANDBOOKS, AND HEALTH PLAN COMPARISON SUMMARY CHARTS — The *Summary Program Description*, *Member Handbooks* for the individual plans, and *SEHBP Plan Comparison Summary* charts have recently been revised. Additional updates — where needed — will be online for the start of the 2010 plan year.

These publications are available as online, printer friendly documents on the SEHBP Web site at: www.state.nj.us/treasury/pensions/sehbp.htm Please encourage your employees to access these materials online. Bulk supplies of print copies are no longer available.

ADDITIONAL INFORMATION

If you have any questions about the SEHBP Open Enrollment Period or the information in this letter, please contact our Office of Client Services at (609) 292-7524 to speak with an Employer Group representative or send an e-mail to: pensions.nj@treas.state.nj.us.

Thank you for your assistance in making the SEHBP Open Enrollment Period a success for your employees.

Enclosures:

SEHBP Open Enrollment Milestone Chart
Medical Plan and Dental Plan Rates
Health Capsule Newsletter
Medical/Dental Plan Employee Contact Information
Medical/Dental Plan Marketing Contacts