



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

R. DAVID ROUSSEAU
State Treasurer

FREDERICK J. BEAVER
Director

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TO: State Monthly Certifying Officers
State Monthly Human Resources Representatives

FROM: New Jersey State Health Benefits Program

SUBJECT: SHBP Open Enrollment 2009 — State Monthly Employers

The State Health Benefits Program (SHBP) Open Enrollment period for all State 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 State monthly employees.

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 SHBP 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 SHBP 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.

2010 SHBP RATES FOR EMPLOYERS

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

Effective January 1, 2010, SHBP plan rates for the State Active Monthly Group will see the following percentage of change.

PLAN TYPE	RATE INCREASE
NJ DIRECT15	13%
Aetna HMO	9%
CIGNA HealthCare HMO	9%
NJ PLUS*	12%
Prescription Drug Plan	7%
Dental Expense Plan	2%
Dental Provider Organizations (DPO) (BeneCare, Community, CIGNA, Horizon)	0%
Aetna DPO	-2%
Healthplex DPO	-4%
* NJ PLUS is only available to certain State employees covered by labor contracts that have not yet been ratified	

MEDICAL AND PRESCRIPTION DRUG PLANS AND EMPLOYEE COSTS

Since July 2007, *most* State employees contribute 1.5 percent of annual base salary for SHBP medical plan and/or prescription drug plan coverage regardless of the medical plan, level of coverage selected, salary level, or date of hire.

The SHBP currently offers these State employees a choice of one of three medical plans.

- **NJ DIRECT15** — 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 \$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 that offer in-network coverage through a primary care physician for a \$15 office visit copayment.
- For each of the medical plans, the copayment for a visit to an emergency room is \$50. The emergency room copayment is waived if the member is admitted to the hospital.

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

Note: Certain State employees covered by labor contracts that are not yet ratified remain in **NJ PLUS** (along with the option of **Aetna HMO** or **CIGNA HealthCare HMO**) until new contracts are settled. Earlier premium sharing agreements remain in place for these employee groups which include certain law enforcement groups. Rate information for these employees is included with this letter and will be posted to the SHBP Web site.

Prescription drug coverage is offered to most eligible State employees through the **Employee Prescription Drug Plan**. The plan has a three tier copayment design.

- Copayments for a 30 day supply when purchased at a retail pharmacy are \$3 for generic drugs, \$10 for brand name prescription drugs *without generic equivalents*, and \$25 for brand name drugs *where a generic equivalent is available*.
- Mail order prescription drug copayments for up to a 90-day supply are \$5 for generic drugs, \$15 for brand name drugs *without generic equivalents*, and \$40 for brand name drugs *where a generic equivalent is available*.

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

Waiving SHBP Coverage

State employees are permitted to waive SHBP medical *and* prescription coverage to avoid the 1.5 percent health contribution from salary — provided the employee has other health care coverage. To waive coverage a *SHBP State Waiver* form and a *Health Benefit*

Application must be completed and submitted by October 30, 2009. Employees should also indicate "Open Enrollment" on the waiver form; otherwise, the waiver will be processed on a timely basis.

DENTAL PLANS AND REVISED EMPLOYEE COSTS

Dental coverage is offered to *all* eligible State employees through the **Employee Dental Plans**. For plan year 2010, seven different dental plans are 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 employee cost for coverage under a dental plan will be 50 percent of the actual dental plan premium. (In the past, employees paid 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/shbp.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/shbp.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.

TAX\$AVE AND THE SHBP

The State Employees' Tax Savings Program (Tax\$ave) Open Enrollment Period runs from October 1 until October 31, 2009 (concurrent with the SHBP Open Enrollment Period). Tax\$ave is a benefit program available to full-time State employees who are eligible for the SHBP. Tax\$ave can save your employees tax money by paying health and dental benefit premiums and eligible unreimbursed medical and/or dependent care expenses from before-tax dollars.

Separate Tax\$ave Open Enrollment materials were distributed to employers and contain more information about these valuable benefits. Please also note the items detailed below that relate to **both** Tax\$ave and SHBP medical and dental plan enrollment.

- **Limitations on Plan Changes if Enrolled in POP** — Internal Revenue Service (IRS) rules require that for an employee covered by the Premium Option Plan, payroll deductions for health and dental plan benefits remain the same for the entire plan year. Therefore, no coverage level changes can be made which result in a change in the amount of an employee's health and/or dental plan deduction unless a Qualifying Event has occurred.
- **Tax\$ave, Civil Unions, and Domestic Partners** — SHBP members need to be aware of the possible federal tax implications of adding a civil union partner or domestic partner to SHBP benefits. Since the federal tax code does not view civil union or domestic partners in the same manner as spouses, an employer may have to treat the civil union or domestic partner SHBP benefit as taxable to the employee and withhold federal income, Social Security, and Medicare taxes on its value. Similarly, since the partner's coverage is a federally taxable benefit, an employee who participates in the Tax\$ave Premium Option Plan cannot make pre-tax payments for the cost of a civil union or domestic partner's coverage. Pre-tax dollars may still be used to pay for the employee's portion of the cost of his or her own and dependent children's coverage. If an employee wants to claim a federal tax dependency exemption for a civil union or domestic partner, he or she should contact the Internal Revenue Service or see *IRS Tax Topic 354 — Dependents* for more details.

OPEN ENROLLMENT INFORMATIONAL MATERIALS

Please note that the SHBP 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.

Because *most* State employees pay a contribution of 1.5 percent of salary rather than a set premium, employee rate charts for medical plans and the Employee Prescription Drug Plan *are no longer provided*.

Dental premium rate charts for employees are posted to the SHBP Web site: www.state.nj.us/treasury/pensions/shbp.htm

HEALTH CAPSULE — The *Health Capsule* newsletter announces the SHBP 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 State Monthly 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 SHBP Web site at: www.state.nj.us/treasury/pensions/shbp.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 *SHBP 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 SHBP Web site at: www.state.nj.us/treasury/pensions/shbp.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 SHBP 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.

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

Enclosures:

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