Adequate notice of this meeting was 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 meeting notice was mailed to the Trenton Times and Star Ledger on August 19, 2016.

The meeting of the State Health Benefits Program Plan Design Committee of New Jersey was called to order on Friday, December 16, 2016 at 1:00 pm. The meeting was held at the Division of Pensions and Benefits, 50 West State St, in Trenton.

The text of Resolution B (Executive Session) – was read in its entirety in the event that the Board desires, at any point in the meeting, to approve a motion to go into executive session.

Acting Secretary Kierney Corliss took Roll Call and established that a quorum was present.

**Roll Call**

**Committee Members:**

Richard Badolato, Commissioner, Department of Banking and Insurance
John Hutchison, Senior Policy Advisor, Department of Environmental Protection
Michael Zanyor, NJSTFA Designee
Kevin Lyons, NJ State PBA
Patrick Nowlan, Chairperson, AAUP – AFT
David Ridolfino, Director, Office of Management and Budget
Hetty Rosenstein, New Jersey Area Director, CWA/District 1
Abdur R. Yasin, NJ FMBA
Samuel Viavattine, Department of Community Affairs

**Absent**

Robert Little, AFSCME Department of Research
Harold J. Wirths, Commissioner, Department of Labor
Jennifer Duffy, Special Advisor to the Commissioner, Department of Human Services

**Also Present:**

Eileen Schlindwein Den Bleyker, Senior Deputy Attorney General
David Pointer, Division of Pensions and Benefits
Florence Sheppard, Division of Pensions and Benefits
Committee Member Ridolfino made a motion to nominate Committee Member Hutchison as the management co-chair, Committee Member Lyons seconded. Committee Member Yasin made a motion to nominate Patrick Nowlan as the labor co-chair and Committee Member Rosenstein seconded. All voted in favor of both motions for co-chair. Committee Member Lyons advised that each co-chair would alternate control for each consecutive meeting.

Meeting Minutes

Acting Secretary Corliss advised that the meeting minutes distributed at the last meeting which were not approved due to the need to verify Committee Member Badolato’s attendance had been corrected.

Co-Chair Hutchison made a motion to approve the meeting minutes from the October 16, 2015, December 18, 2015, March 18, 2016, and January 22, 2016 SHBP PDC meetings en bloc. Committee Member Lyons seconded the motion. All voted in favor.

Approval of 2017 Meeting Dates

Mark Cipriano advised that the meeting schedule for 2017 schedules the Committee meetings on the third Friday of each month. Committee Member Lyons moved to approve the meeting schedule for 2017. Committee Member Ridolfino seconded the motion. Committee Member Rosenstein questioned the need to approve a meeting schedule for the year because there had been discussions about the Committee changing the meetings from Fridays. Mr. Cipriano indicated that the schedule permits the Division of Pensions and Benefits (NJDPB) to provide appropriate notice through the newspapers and there were scheduling difficulties when the NJDPB looked to change the regularly scheduled meeting day. Committee Member Rosenstein asked if the Committee could approve the January 2017 meeting only if they needed to vote today. Committee Member Lyons then withdrew his motion. Committee Member Rosenstein made a motion to approve the SHBP PDC meeting date for January 2017; Committee Member Viavattine seconded and all voted in favor.
Pledge of Allegiance

Committee Member Lyons made a motion that since the PDC meetings are Open Public Meetings, that going forward the PDC should start saying the pledge allegiance and that it be listed on the agenda. Committee Member Ridolfino seconded this motion. Roll call was taken and the motion passed (7 Yes: 1 No – Rosenstein: 1 Abstain - Nowlan).

Co-Chair Hutchison recommended that the PDC acquire an American flag that could be displayed in the NJDPB board room for future meetings.

Mandatory Generic Resolution

Committee Member Lyons stated that he has a received a large number of phone calls over the past few weeks from members who were not notified about the mandatory generic resolution. Ms. Kelly advised that ESI notified the members that were impacted by the mandatory generic resolution based on their past Rx history. Ms. Kelly stated she believed that approximately 12,000-15,000 members received notification about the mandatory generic changes. Further, a number of mailings had gone out between the mandatory generic and formulary changes and those impacted by step therapy changes. She indicated that if provided with specific information, ESI would look into the notification issues. Committee Member Yasin suggested quarterly reports on appeals data. Ms. Kelly indicated that updates could be provided more frequently, starting in January. Committee Member Ridolfino requested that the Committee see a sample of the correspondence that did go out. Ms. Kelly stated she could provide copies of the correspondence that did go out and noted that calls were made to those members for whom ESI did not have a good mailing address. She stated that ESI could provide more information on the call volume with samples of some of the questions.

Co-Chair Nowlan inquired as to the number of members enrolled in the tiered network plans. Mr. Cipriano stated that the NJDPB was still processing enrollment applications. Mr. Perry stated that Horizon has received future effective dates for about 3,500 members representing an estimated 1,300 to 1,400 employees.

Committee Member Yasin requested ongoing reporting on Medicare Advantage. Mr. Perry stated that Horizon can provide relevant data including phone call volume, trends in complaints and appeals, and other statistics. Committee Member Lyons stated he attended some of the welcome sessions and not one person who left the session was upset.

Value Based Care Presentation

Linda Schwimmer of New Jersey Health Care Quality Institute and Dr. Joel Cantor from Rutgers University, Center for State Health Policy gave a presentation on Value Based Care. Dr. Cantor stated that New Jersey has one of the highest proportions of physicians in any state that are solo practitioners, and while they can deliver good care, it is difficult for them to engage in system change. Further, New Jersey comparatively is in the bottom half of states in the ability to share health records and data electronically. Nationally, there is bipartisan agreement that Medicare needs to lead the way to value
based payment, or payment for outcomes and quality, not just volume. Ms. Schwimmer advised that NJ has a very high level of intervention and health care utilization at the end of life which is a very expensive cost. She advised that the Quality Institute conducted a poll and that most people do not want high intervention and utilization at the end of their life but would rather be home with their families. While there are medical forms that can state an individual’s wishes, there is low utilization. As an example of a model aligning patient desires and cost savings, Ms. Schwimmer explained that Aetna has a successful program where members can still receive curative care while receiving palliative care. Next, Ms. Schwimmer advised that New Jersey has some of the highest C-section rates in the United States and that those procedures cost about 50% more than vaginal deliveries despite having a higher health risk to the mother and baby. There are initiatives and studies about the issue of C-sections, and Ms. Schwimmer suggested that the SHBP could benefit from a bundled payment or blended rate which would remove the medical provider’s economic incentives from a C-section. She went on to suggest tools to give a member the full picture of the cost of a service and their options, like Hospital Choice Cost Sharing from Massachusetts Blue Shield, where a member views a video, chooses a hospital, and is shown not only what they would pay at that hospital under the negotiated rates, but shows the cost of other hospitals in the area. Committee Member Rosenstein suggested that this discussion should be with a doctor, not shifting responsibility to an ill member to make decisions based on economic needs. Ms. Schwimmer responded that the goal is more transparency, and clarified that a tool like this would not be for emergency situations. Additionally, she referenced Florida’s out-of-network legislation in which any health plan that wants to contract with the state, either for their benefits program or Medicaid business, agrees to place all their claims in an all-payers claims database. Dr. Cantor added that a tool that shows the variations in costs for identical procedures and can produce peer pressure on those that are high cost to adjust. Ms. Schwimmer then advised that telemedicine is an area of real potential for both better health care as well as cost savings. Connecticut had particularly good results around e-consults, where a primary care physician consults with the specialist rather than giving a patient a referral to see a specialist; approximately 75% of the specialist visits could be avoided providing savings to the system and easier access for those individuals who need to see a specialist. Both Dr. Cantor and Ms. Schwimmer stated that the NJ Direct Primary Medical Home pilot program is a step in the right direction and suggested aggressive expansion. Dr. Cantor mentioned that more research has advanced regarding wellness programs, and while the SHBP has one it could be taken to the leading edge. He suggested options where the employee’s own money is put into an account which they get to keep if they reach the goal because keeping your own money is a more powerful incentive than being given additional money that the employee never had. He additionally suggested targeting the wellness incentive to specific areas that would generate better return, such as better self-management of chronic illnesses. The last issues raised by Ms. Schwimmer and Dr. Cantor were high deductible plans and narrow networks. Dr. Cantor stated that there is evidence that individuals in high deductible plans cut back on necessary health care in addition to avoidable health care. Ms. Schwimmer suggested a plan design that rewards really valuable health care utilization decisions, which Dr. Cantor explained would be a more value based plan design where there is richer coverage for the essentials and more cost sharing for more discretionary items. As for narrow networks, Ms. Schwimmer noted that New Jersey tends to favor tiered networks over narrow networks, but the effect of those programs is still unknown. In summation, Ms. Schwimmer stated that the SHBP could improve patient outcomes while also achieving cost savings by implementing smart plan design based on data, more effective beginning of life and end of life care, reducing the incentivization of C-sections, providing the type of care that
members really want, telemedicine, reference pricing bundled payments based on proper quality measures, and providing easily obtainable plan information for the members.

Adjournment

At this time Committee Member Hutchison made a motion to adjourn; Committee Member Yasin seconded and all voted in favor. There being no further matters to discuss, the meeting was adjourned at 2:22 p.m.

Respectfully Submitted,

Kierney Corliss
Acting Secretary, SHBP-PDC