

**Memorandum of Agreement**  
**between the Unions<sup>1</sup>**  
**and the**  
**State of New Jersey**

**Whereas**, the State Health Benefits Plan (“SHBP”) provides health benefits for Union represented members who are employed by the State of New Jersey;

**Whereas**, in the normal course of business, the SHBP receives proposed annual rate increases for the cost of health benefit premiums;

**Whereas**, on or around July 9, 2025, the State received the proposed annual rate increases for the 2026 plan year;

**Whereas**, the collective negotiations agreements (“CNAs”) between the undersigned Unions and the State includes a reopener procedure that considers the impact of proposed health benefit rate increase for the Union members’ contributions to the cost of health benefits received through the PPO Plan<sup>2</sup>;

**Whereas**, the CNAs include an equation to determine whether the proposed health benefits rate increase will result in an increase to the members’ contributions to the cost of the PPO plan premiums;

**Whereas**, the CNAs also allow the parties an opportunity to agree upon measures that prevent escalation of the members’ contribution to the cost of the PPO Plan premiums;

**Whereas**, the CNAs provide that if an agreement upon such measures cannot be reached by the parties<sup>3</sup> the escalator calculation will be applied to the contribution rates paid by the members enrolled in the PPO Plan at the start of the next Plan Year;

**Whereas**, the parties met their obligations under the CNAs;

**Whereas**, the parties’ discussions resulted in proposed plan design changes as well as cost saving measures and other reforms to the plans in which active members are enrolled;

**Whereas**, if agreement is reached, the Unions and the State shall jointly seek approval for the Plan Design Committee, as appropriate, to implement the parties’ agreement.

**NOW THEREFORE**, the parties agree as follows:

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<sup>1</sup> CWA, AFSCME, IFPTE Local 195, IBEW (Local 30), IBEW (Local 33), NJSOLEA, PBA 105, PBA 383, PBA 383a, PBA383b, SIEU Local 32, STFA, STNCO (NCO), STSOA (SOA), NJLECOA, FOP 174, NJLESA, PBA SLEU, CNJSCL (F/T, P/T).

<sup>2</sup> PPO Plan is defined as Unity and Direct PPO plans, except where noted in this Agreement.

<sup>3</sup> Pursuant to the terms of the CNA, the Parties were to reach an agreement by September 1, 2025, which falls on a holiday. Therefore, the Parties are executing this Memorandum of Agreement on or about September 2, 2025.

1. The proposed plan design changes set forth in paragraphs 2 – 9 below are applicable to active members in all State Plans,<sup>4</sup> unless otherwise indicated in this Memorandum of Agreement (MOA), or unless the design changes would increase, rather than decrease the total cost of the Plans.
2. Effective on or about January 1, 2026, deductibles and out of pocket (medical) maximums shall be modified as follows:
  - a. In-network deductible – \$110 (individual)/\$220 (family) for plans that have lower in-network deductibles, except for the Tiered Network Plan (tier 1). **The change does not apply to the HDLow, HDHigh, HMO, and PPO2035 Plans.**
  - b. Out-of-Network deductible – \$750 (individual)/\$1,500 (family) for plans that have lower out-of-network deductibles. **The change does not apply to the PPO2035, HDLow, HDHigh, Tiered Network, and HMO plans.**
  - c. In-network Out of Pocket Maximums (OPM) - no change from current OPMs. **This agreement does not impact OPMs for the HDLow, HDHigh, Tiered Network, and HMO plans.**
  - d. Out-of-Network OPMs - \$2,500 (individual)/\$6,000 (family) for plans that have lower out-of-network deductibles. **The change does not apply to the Tiered Network Plan (tier 1), HDLow, HDHigh, HMO, PPO2030 and PPO2035 Plans.**
3. Members and dependents will be incentivized to use in-network ambulatory surgical centers (ASCs) for the following services:
  - Endoscopy (any)
  - Intraocular Lens Procedures
  - Introduction/Injection of Anesthetic Agent (Nerve Block), Diagnostic or Therapeutic Procedures on the Somatic Nerves
  - Injection, Drainage, or Aspiration Procedures on the Spine and Spinal Cord
  - Destruction by Neurolytic Agent (eg, Chemical, Thermal, Electrical or Radiofrequency) Procedures on the Somatic Nerves
  - Introduction/Injection of Anesthetic Agent (Nerve Block), Diagnostic or Therapeutic Procedures on the Paravertebral Spinal Nerves and Branches
  - Hernia
  - Carpal Tunnel

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<sup>4</sup> This includes NJ Direct 10 and Freedom 10; NJ Direct 15 and Freedom 15; NJ Direct 1525 and Freedom 1525; NJ Direct 2030 and Freedom 2030; NJ Direct 2035 and Freedom 2035; CWA Unity DIRECT and CWA Unity Freedom; CWA Unity DIRECT2019 and CWA Unity Freedom 2019; NJ DIRECT and Freedom; NJ DIRECT2019 and Freedom 2019; Freedom HDHigh; Freedom HDLow; Aetna HMO; Liberty Plus Tiered Network; NJDirect HD High; NJDirect HD Low; Horizon HMO; Omnia Tiered Network.

- Arthroscopy
  - Knee Arthrotomy
  - Lumpectomies
  - Tonsillectomies
  - Colonoscopy (until CoE is operational)
- a. Individuals who do not qualify for an exception described below and elect to have one of the above listed procedures at a hospital (in- or out-of-network) or at an out-of-network ASC will be subject to 50% coinsurance.
  - b. The above listed procedures will require prior authorization (PA). An individual approved for the above procedures must obtain the service at an in-network ASC unless:
    - i. The procedure is ordered by a provider on an emergency basis that necessitates that it be performed in a hospital; or
    - ii. The provider orders this procedure to be performed in the hospital due to medical necessity (prior authorization required) or while the member is currently admitted to the hospital; or
    - iii. There is no in-network ASC within 50 miles of the member's or dependents' residence.
  - c. The parties agree to explore including the above listed procedures under a future Center of Excellence.
4. Effective on or about January 1, 2026 adjust prescriptions as follows:
- |   |                                       |
|---|---------------------------------------|
| Out of pocket max:  | \$2,120 (individual)/\$4,240 (family) |
| Copays:   |                                       |
| Retail/Mail Generic:  | \$10/\$10                             |
| Retail/Mail Brand:  | \$20/\$50                             |
| New Rx Tier 3:  |                                       |
| Copays for Non-preferred Retail/Mail:                                   | \$75/\$150                            |
| Copays for Specialty Retail/Mail:                                       | \$75/\$75                             |
| Mandatory generics (member may choose the brand and pay the difference) |                                       |
| Mandatory mail order for maintenance drugs                              |                                       |
| Member pays retail cost if less than the applicable copay above.        |                                       |
5. Effective November 1, 2025<sup>5</sup> copays for GLP-1 anti-obesity drugs will be \$45.

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<sup>5</sup> GLP-1s for other diagnoses would fall under the Brand preferred \$20/\$50

- a. Members and dependents prescribed a GLP-1 drug for anti-obesity by their health care provider will be offered a counseling/lifestyle management program while receiving the prescription. A member may enroll in a counseling/lifestyle program at any time during prescription.
  - b. Effective upon implementation of a counseling/lifestyle management program:
    - i. \$45 copay while a member or dependent voluntary participates in counseling program
    - ii. \$125 copay if the member or dependent is not participating in counseling program.
6. Effective on or about January 1, 2026, in-network labs/imaging (outpatient and free standing): Labs \$20; Imaging \$50. All preventative care and pregnancy related labs and imaging are excluded from the copay.
7. Effective as soon as practicable, add colonoscopy and at least one other procedure to the Center of Excellence Program's Covered Procedures.
  - a. Nothing in this proposal precludes the addition of additional services to the extent permitted.
  - b. Eliminate gift card for participation.
  - c. Cost sharing for non-use of COE when service is provided:
 

Year 1:	\$300, regardless of age
Year 2:	\$450
Year 3:	\$600 (already in Plan Design Committee (PDC) resolution 2024-07)
Year 4:	\$800 (already in PDC resolution 2024-07)
Year 5:	\$1,000 (already in PDC resolution 2024-07)
8. Institute 20-visit limit for out-of-network physical therapy care.
9. The parties agree to support a joint resolution to the PDC to approve making continuing resolutions permanent. These resolutions are those covering:
  - Reduced specialty copay (Retiree)
  - Formulary management and out-of-network physical therapy
  - Generic substitution preference
  - Copay reduction for retiree mail order preferred brand prescription drugs
  - Tiered network plan financial incentive pilot program

Such permanent plan design changes may be amended by PDC action pursuant to normal procedure.

10. The parties to this MOA agree that as a result of the savings achieved by the design changes and other cost savings measures in paragraphs 2-8 of this MOA, no escalator will be applied to the members' contributions to the cost of benefits for plan year 2026.
11. The State shall direct its third-party claims provider vendor to provide a report to the SHBC and PDC by or on October 22, including a review of the aggregate performance since inception of the contract and its recommendation for expansion of claims reviews for Plan Year 2026 within the scope of the current contract.
12. As soon as practicable, the State shall begin the process to make any required regulatory changes to establish the maximum voluntary employee contributions to Flexible Spending Accounts (FSAs) to the federally allowed maximums (as indexed each year).
13. Subject to the requirements of procurement and State contracting law, the State remains committed to using a reverse auction process during procurement of the pharmacy benefit manager contract.
14. The State shall direct that Plan's pharmacy benefit manager (PBM) to issue a quarterly report to the PDC, which shall include review of the formulary for new FDA-approved medications, updates on biosimilars, drug substitutions, and exclusions and updates on changes to discounts and rebates. The parties acknowledge the PDC retains the authority to approve broad decisions regarding the type of formulary. Additionally, during this quarterly review, the PDC will be updated about formulary market checks by the plan's pharmacy benefit oversight vendor.
15. The parties recognize that this agreement satisfies their respective obligations under the CNAs as it relates to the negotiated escalator provisions.

The signatories to this MOA represent that they have authority to bind themselves and those they represent to the terms set forth in the MOA.

On behalf of Unions

\_\_\_\_\_  
Name

\_\_\_\_\_  
Union

On behalf of the State of New Jersey

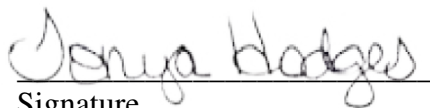
*Camille N. Warner*  
\_\_\_\_\_

*Director Governor's Office of Employee Relations*  
\_\_\_\_\_

*9/4/2025*

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On behalf of the Unions



Signature

CWA

Union

Signature

AFSCME

Union

Signature

IBEW 30

Union

Signature

State Troopers NCO Association

Union

Signature

IFPTE Local 195

Union

Signature

NJ Superior Officers Assn.

Union

Signature

Council of NJ State College Locals

Union

Signature

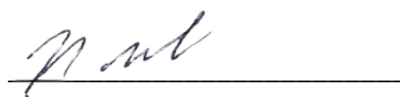
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Union

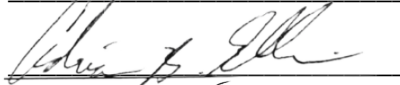
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IBEW 33

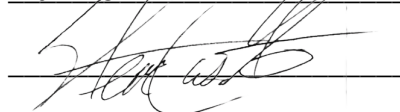
Union



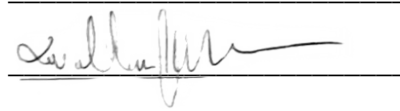
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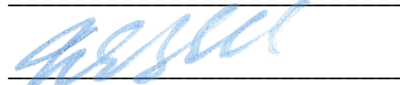
NJIA FOP 174



PBA NJDCJ #383



SLEU



STFA



NJPBA 105



NJLECOA



NJLESA

Dated: September 4th, 2025

Dated: