

School Employees Health Benefits Program
Plan Design Committee
Open Session Minutes: August 11, 2022 2:00 P.M.

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 2022 annual meeting schedule was mailed to the Secretary of State on December 10, 2021, to the Star Ledger and the Trenton times on December 15, 2021. Updates regarding this special TEAMS meeting were sent to the Trenton times, to the Star Ledger, to the Secretary of State and posted to the Divisions website on August 6, 2022.

The meeting of the State Health Benefits Program Plan Design Committee of New Jersey was called to order on Thursday, August 11, 2022 at 2:00 p.m. Due to COVID-19 this meeting was held telephonically.

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

Acting Secretary Ludwig then took Roll Call and established that a quorum was present.

Roll Call

Committee Members:

John Megariotis, Acting Director of Pensions and Benefits, Chair

Andrea Spalla

Sarah Favinger, Director, NJEA

Donna Chiera, AFT/AFL-CIO

Venus Archie (Ph), OMB

Denise Graff Policastro, NJEA

Other Staff

Alison Keating, Deputy Attorney General

Nicole Ludwig, Division of Pensions and Benefits

Joyce Malerba, Division of Pensions and Benefits

Dawn Watson, Division of Pensions and Benefits

Jon Pipas

Theresa Williams, Division of Pensions and Benefits

Appearances

Michele Engle, AON

Becky Seatles, AON

DIVISION UPDATE

Nikki Ludwig secretary advised there are no division updates, but they would be included in the next meeting.

RATE RENEWAL DISCUSSION

Michele Engle from Aon presented the objects of this discussion. The purpose of the discussion is to analyze the rate recommendations for plan year 2023. Presentation was handed over to Becky Seattles from Aon. Becky Seattles advised they would talk about the rate setting environment that we are in this year. Utilization was discussed. There was a significant deferral of care and suppression of claims cost during 2020. In 2021, we had an 8 to 10 % load on all of our underwriting to account for that. The actual bounce back that we have seen in the majority populations is significantly above the 8 to 10% bounce back that was expected. Some services in 2021, utilization was up 20 to 30% over where it was in 2020.

Another factor is inflation. Being in a fairly high inflationary environment we expect that to hit healthcare costs in 2022 and 2023. We have increased our future inflation assumptions to account for the expected increase, which is adding to this years' experience rate.

In 2021 and 2022, we had a significant number of new services including navigation that were expected to drive savings and were included in those renewals. All of those programs have been in place for the entire 2021 experience period that we are looking at, so there are no assumptions for future increases. Aon is assuming it is all built in.

Aon went over all the actual increases and percentages. They also presented data to show cost and utilization impacts by various service categories in 2020 and 2021.

John Megariotis asked what percentage of the total cost to the plan does utilization and hospital outpatient, professional services make up? Becky Seattles answered by saying Outpatient is 33% and Professional is 45%. So there's only 22% of cost in that Inpatient bucket. So the main drivers are for utilization and annual medical.

Sara Favinger asked a question if there is a way to look at what the urgent care visits are consisting of, mostly to get covid tests? Aon stated they have requested for that data but have not received it yet.

Sara Favinger also asked why the close formulary and mandatory generics didn't provide as much savings as AON thought. Becky Seattles said that the numbers are utilization driven. The programs didn't provide as much savings as Optum originally thought they would for that population.

Ms. Policastro asked how AON is coming up with their projections. It seems that people who didn't go to the doctor in 2020 are starting to visit the doctors again in 2021. Ms. Engle said with regard to utilization and the change, and especially in that bucket of PCP, we expect that some of the absence of care that happened in 2020 was people that actually had chronic conditions. As they return to primary care and those conditions are managed, we don't expect to see that PCP bucket deep down like you might think, because there's still the component that those conditions would need to be managed through time.

Denise PolICASTRO asked if they are still seeing Emergency room as a realized savings because of the changes made or is it no longer a savings? Michele Engle said we did see some spillover in 2021 on a decrease in Emergency room just because we haven't full bounced back in 2021 to pre- pandemic.

John Megariotis asked how many months' worth of data would be necessary to be credible to see if trends were continuing? Becky Seattles said it takes at least three months and possibly another month to process the data itself. We would be looking at the claims from around March.

Joyce Malerba stated we would need the rates no later than September.

ADJOURNMENT

Having no further action to discuss, Chair John Megariotis made a motion to adjourn. Committee Member Andrea Spalla seconded the motion; all voted in favor.

Respectfully Submitted,

A handwritten signature in black ink that reads "Nicole Ludwig". The signature is written in a cursive, flowing style.

Nicole Ludwig
Acting Secretary SHBP PDC