

**School Employees' Health Benefits Program**  
**Plan Design Committee**  
**Open Session Minutes: August 1, 2018**

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. A meeting notice was mailed to the Secretary of State, Star Ledger and the Trenton Times on July 23, 2018.

The meeting of the School Employees' Health Benefits Program Plan Design Committee of New Jersey was called to order on Wednesday, August 1, 2018. 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 closed session.

Mark Cipriano took Roll Call and established that a quorum was present.

**Roll Call**

**Committee Members:**

**David Ridolfino**, Director, Office of Management and Budget  
**David Pointer**, Deputy Director, Division of Pensions and Benefits  
**Kevin Kelleher**, NJEA  
**Julie Giordano Plotkin**, NJEA  
**Jennifer Keyes-Maloney**, Assistant Treasurer  
**Jean Pierce**, AFT/AFL-CIO (appearing telephonically)

**Also Present:**

**Mark Cipriano**, Division of Pensions and Benefits  
**Danielle Schimmel**, Deputy Attorney General  
**Joseph Palladino**, Division of Pensions and Benefits  
**Nicole Ludwig**, Division of Pensions and Benefits  
**Alex Jaloway**, Aon  
**Michele Engle**, Aon

## Issues

### **SEHBP Out-of-Network (OON) Cost Drivers – Presentation by Aon**

Michelle Engle and Alex Jaloway of Aon, made a presentation to the Committee on overview of the SEHBP out-of-network (OON) cost drivers, specifically focusing on professional services. The in-network utilization for SEHBP Actives declined for chiropractor, acupuncture, and physical therapy services, which represent about 25% of OON, spend. The SHBP shows more favorable results because of the Plan Design changes that were made in those areas. For most professional services, OON allowed PMPM are higher for the active Local Education group than the active State and Local Government groups. However, all three active groups are trending higher than Horizon's book of business due to in-network plan design and a generous OON reimbursement schedule based on the 90<sup>th</sup> percentile of FAIR Health as opposed to a more commonly used percentage of CMS reimbursement. OON costs could be contained more effectively by moving to a schedule based on a percentage of CMS as opposed to FAIR Health. Under FAIR Health, high professional services costs can skew reimbursement rates.

If the SEHBP-PDC adopted the plan design changes for chiropractic services that the SHBP-PDC adopted, the SEHBP could save about 1% on medical rates. If the SEHBP-PDC adopted the plan design changes for acupuncture services that the SHBP-PDC adopted, the SEHBP could save about 3% on medical rates. If the SEHBP-PDC adopted the plan design changes for physical medicine and rehabilitation services that the SHBP-PDC adopted, the SEHBP could save about 4% on medical rates.

Radiology costs and cardiovascular services are also cost drivers for the SEHBP.

Commissioner Kelleher stated that one of the reasons for the higher PMPM for services in the SEHBP could be locations with more favorable loss ratios leaving the SEHBP and that the locations with less favorable loss ratios stay behind and drive up spend. Committee Member Ridolfino requested data be broken down by occurrences and by geography and by cost per treatment to really examine the issue of cost drivers

Committee Member Kelleher then brought up a proposal to amend the NJWell program by incorporating it into the DPCMH where members could satisfy the requirements of the NJWell program by getting a full workup from the DPCMH at the their first visits, which probably includes a biometric screen, and then a follow-up visit with the doctor. He suggested this plan could be more productive for patient outcomes as it would foster a focused, detailed relationship between the member and the provider. Committee Member Kelleher then made a motion that the NJDPB work with the DPMCH providers Paladina and R-Health to develop a proposal to integrate the DPMCH into NJWELL. Chairperson Pointer seconded and all voted in favor.

**Adjournment**

Chairperson Pointer made a motion to adjourn; Committee Member Kelleher seconded and all voted in favor. There being no further matters to discuss, the meeting was adjourned at 1:40 p.m.

Respectfully Submitted,

Joseph Palladino  
Acting Secretary, SEHBP-PDC