

SHB PDC Resolution #7

RESOLUTION OF THE STATE HEALTH BENEFITS PLAN DESIGN COMMITTEE TO PERMIT A PILOT PROGRAM GRANTING FINANCIAL INCENTIVES TO ENCOURAGE SUBSCRIBERS TO SELECT A TIERED NETWORK MEDICAL PLAN

WHEREAS, pursuant to N.J.S.A. 52:14-17.29 et seq. the State Health Benefits Program (SHBP) provides health coverage to qualified employees and retirees of the State and participating local employers; and

WHEREAS, the SHBP was enacted in 1961 for the purpose of providing affordable health care coverage for public employees on a cost effective basis; and

WHEREAS, all SHBP plans, with the exception of Medicare Advantage plans, are self-funded, which means that the money paid out for benefits comes directly from a SHBP fund supplied by the State, participating local employers, and member contributions; and

WHEREAS, effective for Plan Year 2016, the State Health Plan Design Committee approved a plan design known as a “Tiered Network Plan” which provides members with access to the carrier’s managed care network, significant premium share reductions and lower member cost sharing based on the Tier level of the selected provider; and

WHEREAS, the two carriers under contract with the State to provide medical services, Horizon Blue Cross and Blue Shield of New Jersey (Horizon) and Aetna Healthcare, Inc. (Aetna) offer tiered network plans known as the Horizon Omnia Plan and the Aetna Liberty Plan; and

WHEREAS, the State Health Benefits Commission (SHBC) considered the presentations and recommendations of a Commission member including but not limited to a Massachusetts study referred to in the presentation, for a proposed financial incentive to encourage subscribers enrolled in a more costly plan to select a more cost efficient plan in order to reduce costs associated with the provision of health care benefits without modifying the existing choice of plan designs available to public employees; and

WHEREAS, the Committee was presented with a proposal for a financial incentive program to encourage new, first time enrollment of subscribers along with their eligible dependents into one of the tiered network plans offered by Horizon Blue Cross/Blue Shield (Omnia) and Aetna Healthcare, Inc. (Liberty) for two years beginning in Plan Years 2017 (January 1, 2017) and continuing through the expiration of Plan Year 2018 (December 31, 2108); and

WHEREAS, the financial incentive pilot program shall permit the voluntary participation of local employers and employees who shall be responsible for their own costs; and

WHEREAS, pursuant to N.J.S.A. 52:14-17.29(D) the Commission finds that the changes are in the best interest of the State, local employers, employees and retirees and avoid inequity by promoting more

INCENTIVE FOR TIERED NETWORK

efficient, effective and high quality care management; and maximizes cost savings from incentives provided to the insurance industry under the laws of the United States and the federal Medicare program; and

WHEREAS, the State Health Benefits Commission has jurisdiction over contracts with carriers for the plans and has jurisdiction over whether to adjust premiums and provide financial incentives impacting members choice of plan based on premiums; and

WHEREAS, an amendment to the existing contract with the carriers is necessary to administer the financial incentive payments provided under the Pilot program; and

WHEREAS, the State Health Benefits Commission and the Division of Pensions and Benefits under authority delegated to the Division as Contract Manager seek to effectuate the pilot program granting financial incentives to encourage subscribers to select a tiered network medical plan.

NOW THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The Committee authorizes the Division of Pensions and Benefits to undertake a two-year pilot program granting financial incentives for new, first-time subscribers who enroll in a tiered network plan for Plan Year 2017 and continue enrollment for two years.
2. The terms of the pilot incentive program described above shall include:
 - a. The Pilot Program shall be available to subscribers who are first time enrollees in a tiered network medical plan beginning Plan Year 2017 and continuing for two plan years through December 31, 2018;
 - b. The Pilot Program does not extend to participants enrolled under L. 2005, c. 375 (certain overage adult children) and COBRA.
 - c. The State shall participate in the Pilot Program but local employer participation is voluntary at the option of the employer;
 - d. The financial incentive for eligible State employees shall be:
 - i. \$1,000 for single coverage who changes to Tiered Network Plan;
 - ii. \$1,250 for member and spouse coverage
 - iii. \$1,250 for parent and child coverage;
 - iv. \$2,000 for family coverage.
 - e. The incentive amount shall be paid by a gift card within the first quarter of Plan Year 2017 and is reportable income.

INCENTIVE FOR TIERED NETWORK

- f. The incentive shall be forfeited and returned to the SHBP if the subscriber fails to remain enrolled for at least two Plan years, except that if a subscriber is made ineligible for healthcare through layoff, involuntary separation, reduction to part-time status, or classification into an ineligible position. If a subscriber voluntarily retires or changes health plans due to a catastrophic or emergency health need as determined by the Division of Pensions and Benefits after a full year, then the incentive shall be forfeited on a pro-rata basis.
3. The Committee requests the Division of Pensions and Benefits to inform local employers of the terms and conditions of the Pilot Program authorized hereunder.
4. The Committee also requests that the Division of Pensions and Benefits provide training to union stewards about the Pilot Program, prior to the commencement of open enrollment.
5. The Committee, by and through the Division of Pensions and Benefits pursuant to its designation as Contract Administrator under the existing contract between Horizon and the State, and in coordination with the Division of Purchase and Property, shall take action with the carriers to effectuate a modification of the existing contracts, for the administration of the Pilot Program authorized hereunder.

DATED: 08 29 2016

Note: Grammatical, spelling and typographical errors are corrected but remain subject to approval by the State Health Benefits Plan Design Committee.