

# School Employees Benefit Update: NJ P.L.2020, c.44

(Formerly known as S2273)

## Impact & Implementation

Laura I. Fanuele, Senior Vice President

Brian K. Rizor, Senior Vice President

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# Bergen County ASBO

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# Discussion Items

- Legislative Update – NJ P.L. 2020, Chapter 44
  - ❖ Impact on SEHBP groups
  - ❖ Impact on non-SEHBP groups
- Affirmative Selection Process / Employee Communication
- Sample Savings Chart
- 2021 Plan Summary Overview
- Administrative Considerations



# Legislative Update – NJ P.L. Chapter 44

## SEHBP Groups

- All SEHBP active medical plans other than **Direct 10** and **Direct 15** to be eliminated as of 1/1/2021
  - ❖ Employee benefit contributions for these plans will be based on Chapter 78 (percentage of premium) or locally negotiated amount
- New **NJ Educators Health Plan** (NJEHP) to be offered 1/1/2021
  - ❖ Employee benefit contributions based on a percentage of salary
- New **Garden State Health Plan** (GSHP) to be offered for 7/1/2021
  - ❖ GSHP to have equivalent benefits to NJEHP
  - ❖ **NJ Only** provider network
  - ❖ Employee benefit contributions will be half of those for the NJEHP
- All employees **hired on or after 07/01/2020** must take the NJEHP as of 1/1/2021
  - ❖ The EHP option and the future GSHP (effective 7/1/2021) will be the only plans offered to new hires until 1/1/2028
- Pre-Medicare retirees, current and future, will be enrolled in the NJEHP for 1/1/2021

# Legislative Update – NJ P.L. Chapter 44

## Non-SEHBP Groups

- Non-SEHBP districts can keep their locally bargained plans
  - ❖ Employee benefit contributions for these plans will be based on Chapter 78 (percentage of premium) or locally negotiated amount, including negotiated contributions on dental and vision
- **NJ Educators Health Plan (NJEHP)** equivalent must be offered as of 1/1/2021
  - ❖ Employee benefit contributions based on a percentage of salary
- **Garden State Health Plan (GSHP)** equivalent to be offered for 7/1/2021
  - ❖ Employee benefit contributions will be half of those for the NJEHP
- All employees **hired on or after 07/01/2020** must take the NJEHP equivalent as of 1/1/2021
  - ❖ The EHP option and the future GSHP (effective 7/1/21) will be the only plans offered to new hires until 1/1/2028
- Pre-Medicare retirees, current and future, will be enrolled in the NJEHP equivalent plan for 1/1/2021

# Affirmative Selection Process - SEHBP

- **Affirmative Open Enrollment** is required for 1/1/2021 for all Boards of Education
- Current plan enrollments will **not “roll over”** to the 2021 plan year
  - ❖ If a member does not make an affirmative election, they will **automatically be enrolled in the NJEHP** as of January 1, 2021
- **Fall Open Enrollment** - \*\* UNKNOWNNS
  - ❖ Employees hired prior to 7/1/2020 have the option of enrolling in the NJ Direct 10, NJ Direct 15 and NJ EHP.
  - ❖ Employees hired 7/1/2020 or after must enroll in the NJ EHP effective 1/1/2021
- **Waivers**
  - ❖ Fall Open Enrollment – Employees currently waiving coverage can elect to continue to waive or enroll in the EHP or if hired before 7/1/2020, can enroll in any plan offered by the District which may be subject to collective bargaining

# Affirmative Selection Process – Non-SEHBP

- Your Broker/Consultant should be working with your carriers to prepare an EHP equivalent for your Medical and Prescription Drug plans.
- **Affirmative Enrollment** is required for 1/1/2021 for all Boards of Education
  - ❖ Current plan enrollments will **not “roll over”** to 1/1/2021
  - ❖ If a member does not make an affirmative election, they will **automatically be enrolled in the equivalent EHP** as of 1/1/2021
- **Special Affirmative Enrollment** – Districts that have their annual open enrollment off the calendar year, e.g. Spring for a July 1 effective date
  - ❖ Employees have the option of continuing enrollment in their current plan or selecting the NJEHP equivalent only
  - ❖ Other existing plans are not an option during this special affirmative enrollment process
- **Waivers**
  - ❖ Special Affirmative Enrollment - Employees currently waiving coverage can elect to continue to waive or enroll in the EHP plan
  - ❖ General Fall Open Enrollment – Employees currently waiving coverage can elect to continue to waive or enroll in the EHP or if hired before 7/1/2020, can enroll in any plan offered by the District which may be subject to collective bargaining

# NJ EHP Contribution Chart

## BASE SALARY

## LEVEL OF COVERAGE/PERCENTAGE OF SALARY

	<u>Single</u>	<u>Parent/Child(ren)</u>	<u>Two Adult</u>	<u>Family</u>
Up to - \$40,000	1.7%	2.2%	2.8%	3.3%
\$40,001 - \$50,000	1.9%	2.5%	3.3%	3.9%
\$50,001 - \$60,000	2.2%	2.8%	3.9%	4.4%
\$60,001 - \$70,000	2.5%	3.0%	4.4%	5.0%
\$70,001 - \$80,000	2.8%	3.3%	5.0%	5.5%
\$80,001 - \$90,000	3.0%	3.6%	5.5%	6.0%
\$90,001 - \$100,000	3.3%	3.9%	6.0%	6.6%
\$100,001 - \$125,000	3.6%	4.4%	6.6%	7.2%

1. This contribution cannot exceed the previous Chapter 78 contributions. In every case, the lower contribution applies.



# NJ EHP Sample Savings Chart – Family Coverage Tier

			SEHBP NJ Direct 10		EHP	
			Family		Family	
Salary Band Bottom	Salary Band Top	Year 4	Calendar Yr. Contribution	% of Salary	Calendar Yr. Contribution	Illustrative Annual Savings
\$0.00	\$25,000.00	3.00%	\$1,089.30	3.30%	\$825.00	-\$264.30
\$25,000.00	\$29,999.99	4.00%	\$1,452.40	3.30%	\$907.50	-\$544.90
\$30,000.00	\$34,999.99	5.00%	\$1,815.50	3.30%	\$1,072.50	-\$743.00
\$35,000.00	\$39,999.99	6.00%	\$2,178.60	3.30%	\$1,237.50	-\$941.10
\$40,000.00	\$44,999.99	7.00%	\$2,541.70	3.90%	\$1,657.50	-\$884.20
\$45,000.00	\$49,999.99	9.00%	\$3,267.90	3.90%	\$1,852.50	-\$1,415.40
\$50,000.00	\$54,999.99	12.00%	\$4,357.20	4.40%	\$2,310.00	-\$2,047.20
\$55,000.00	\$59,999.99	14.00%	\$5,083.40	4.40%	\$2,530.00	-\$2,553.40
\$60,000.00	\$64,999.99	17.00%	\$6,172.70	5.00%	\$3,125.00	-\$3,047.70
\$65,000.00	\$69,999.99	19.00%	\$6,898.90	5.00%	\$3,375.00	-\$3,523.90
\$70,000.00	\$74,999.99	22.00%	\$7,988.20	5.50%	\$3,987.50	-\$4,000.70
\$75,000.00	\$79,999.99	23.00%	\$8,351.30	5.50%	\$4,262.50	-\$4,088.80
\$80,000.00	\$84,999.99	24.00%	\$8,714.40	6.00%	\$4,950.00	-\$3,764.40
\$85,000.00	\$89,999.99	26.00%	\$9,440.60	6.00%	\$5,250.00	-\$4,190.60
\$90,000.00	\$94,999.99	28.00%	\$10,166.80	6.60%	\$6,105.00	-\$4,061.80
\$95,000.00	\$99,999.99	29.00%	\$10,529.90	6.60%	\$6,435.00	-\$4,094.90
\$100,000.00	\$109,999.99	32.00%	\$11,619.20	7.20%	\$7,560.00	-\$4,059.20
\$110,000.00	\$125,000.00	35.00%	\$12,708.50	7.20%	\$8,460.00	-\$4,248.50

The above contributions are based upon the 2021 SEHBP NJ Direct 10 family tier with Free Standing Rx card. Contributions for the EHP are for illustrative purposes only as they are based on the mid-point for each salary band. Actual contributions will be based on the employee's specific salary.

# 2021 – SEHBP Plan Option Summary

	Education Actives		
	\$10 PPO	\$15 PPO	NJ Educators Health Plan
<b>In-Network</b>			
Deductible (Single/Family)	None	None	None
Coinsurance OOP Maximum (Single/ Family)	None	\$400/\$1,000	None
Total In-Network OOP Maximum (Single/Family)	\$400/\$1,000	\$6,840/\$13,420	\$500/\$1000
Overall Coinsurance	10%*	10%*	10%*
PCP	\$10 copay	\$15 copay	\$10 copay
Specialist	\$10 copay	\$15 copay	\$15 copay
Emergency Room	\$25 copay	\$50 copay	\$125 copay
Inpatient Hospital	No charge	No charge	No charge
<b>Out-of-Network</b>			
Deductible (Single/Family)	\$100/\$250	\$100/\$250	\$350/\$700
Total Out-of-Network OOP Maximum (Single/Family)	\$2,000/\$5,000	\$2,000/\$5,000	\$2,000/\$5,000
Overall Coinsurance	20%	30%	30% (200% CMS)
Out-of-Network Chiropractic Services	Lesser of \$35/visit or 75% of In-Network cost/visit	Lesser of \$35/visit or 75% of In-Network cost/visit	Lesser of \$35/visit or 75% of In-Network cost/visit
Out-of-Network Acupuncture Services	Lesser of \$60/visit or 75% of In-Network cost/visit	Lesser of \$60/visit or 75% of In-Network cost/visit	Lesser of \$60/visit or 75% of In-Network cost/visit
Out-of-Network Physical Therapy Services	75% of In-Network cost/visit	75% of In-Network cost/visit	75% of In-Network cost/visit
<b>Prescription Drug</b>			
OOP Maximum (Single/Family)	\$1,710/\$3,420	\$1,710/\$3,420	\$1600/\$3200
Retail - Generic	\$3	\$3	\$5
Retail - Preferred Brand	\$10	\$10	\$10
Retail - Non-Preferred Brand	\$10	\$10	Member Pays the Difference between generic and brand plus brand copayment
Mail - Generic	\$5	\$5	\$10
Mail - Preferred Brand	\$15	\$15	\$20
Mail - Non-Preferred Brand	\$15	\$15	Member Pays the Difference between generic and brand plus brand copayment

\*On select services

**Note:**  
The plan options shown are not available to all members and can be dependent on multiple factors such as union agreements, date of hire, etc.



# Out-of-Network Reimbursement Procedure

## ➤ **Out-of-Network Professional Services**

- ❖ Services are reimbursed based on an allowed amount not actual provider charges

## ➤ **Balance Billing**

- ❖ The difference between the allowed amount and the provider's actual charges. Balance billing does not apply towards the out-of-pocket limits

## ➤ **National Data Bases for Benchmark Charge Data**

- ❖ FAIR Health – an independent organization that manages a national database of privately paid claims
  - Fair Health Geo – determines the allowed amount based on the first 3 digits of the zip code
  - Fair Health National - determines the allowed amount based on the national average
- ❖ CMS (Centers for Medicare and Medicaid Services)

**Note:** Effective March 1, 2020, the SEHBP changed from FAIR Health Geo to FAIR Health National to determine the allowed amounts for OON services in the Direct 10 & Direct 15 plans.

# Employee Communication

- Employees need to understand the impact of differences in the EHP
  - ❖ Mandatory Generic prescription coverage can lead to increased out of pocket for member (Additional cost for Brand drugs does not accumulate to OOP Maximum)
  - ❖ Out-of-network reimbursement based on 200% of Medicare allowance can result in increased costs to member (Balance billing does not accumulate to OOP Maximum)

## *Out-of-Network Reimbursement Comparison* *Estimated **EMPLOYEE** Out of Pocket Liability*

			NJ Direct 10	NJ Direct 10 *	NJ EHP
		Northern NJ	Out-of-Network 80% after Deductible	Out-of-Network 80% after Deductible	Out-of-Network 70% after Deductible
Procedure	Procedure Code	Typical Provider Charge	90% of Fair Health Geo	90% of Fair Health National	200% of CMS (Medicare)
General Office Visit	99213	\$245	\$49	\$69	\$155
Psychotherapy	90837	\$225	\$45	\$45	\$9
IV Chemotherapy (8 sessions)	96413	\$5,408	\$1,082	\$1,082	\$3,264
Modified Radical Mastectomy	19307	\$6,822	\$1,364	\$2,415	\$4,632
Knee Replacement	27447	\$45,951	\$9,190	\$37,961	\$43,491

\* The out of network allowance for NJ Direct 10 and Direct 15 changed to FairHealth National effective 3.1.20

The above estimated Out-of-Network Calculations are based on the Fair Health Consumer website information and are subject to change.

[www.fairhealthconsumer.org](http://www.fairhealthconsumer.org)



# Administrative Considerations

- Actuarial certification required by year end 2023 that “net annual savings” achieved equal at least \$300 million.
- “With regard to employers that have collective negotiation agreements in effect.... that include health care benefits coverage when the net cost to the employer is lower than the cost to the employer [of the EHP], the employer and the majority representative shall engage in collective negotiations over the financial impact of the difference.”
- Savings that emerge must be used to offset local property taxes, unless the district is spending below “adequacy”



# Thank You!

## Questions...

