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TO: State Biweekly and State Monthly SHBP Certifying Officers, Human Resources Representatives, and Benefit Administrators

FROM: Florence J. Sheppard 
Deputy Director, Benefit Operations

SUBJECT: Announcement of New State Health Benefits Program (SHBP) Medical Plans

Recent labor agreements and Chapter 103, P.L. 2007, required that new medical plans be offered to active and retired members of the New Jersey State Health Benefits Program (SHBP). This letter outlines the new plan designs for State active employees and State retirees.

NEW MEDICAL PLANS

The SHBP is offering two types of medical plans, **Preferred Provider Organizations (PPO)** and **Health Maintenance Organizations (HMO)**. The new PPO plans will be known as NJ DIRECT10, which is the successor plan to the Traditional Plan, and NJ DIRECT15 which replaces NJ PLUS. (Please note that certain labor agreements have not been settled and others do not expire until 2008; for employees covered by these groups, the Traditional Plan and NJ PLUS will continue until the agreements are ratified.)

In May 2007, the SHBP released a *Request for Proposal* to obtain bids for the administration of the new plans. In November 2007, the bidding process concluded with the PPO contract awarded to Horizon Blue Cross Blue Shield of New Jersey and HMO contracts awarded to Aetna and CIGNA.

- **For State Monthly employees and retirees**, the effective date for the start of the NJ DIRECT and HMO plans is **April 1, 2008**.
- **For State Biweekly employees**, the effective date of coverage will be **March 29, 2008**.

Additional dates significant to the rollout of the NJ DIRECT and HMO plans are discussed later in this letter.

NJ DIRECT and the HMOs are managed-care plans. Managed-care plans provide coverage for preventive care such as annual checkups and screening tests, well-baby visits, and immunizations, in the hope of avoiding serious illness and more costly treatment. Services are monitored for medical necessity and appropriate levels of care.

Plan Rates

Most State employees, as required under recent labor agreements, pay a health contribution of 1.5% of salary for SHBP medical and/or prescription drug plan coverage. Therefore, the payroll deduction of a State employee is the same regardless of which plan is chosen or the level of coverage that is selected.

Premium rates will be released in January 2008 after approval by the State Health Benefits Commission. The SHBP will contact retirees directly to provide them with information about the new plans and retired group rates when it is available.

Employers should watch the SHBP Web site at:
www.state.nj.us/treasury/pensions/shbp.htm for retiree rate information.

EMPLOYEE ELIGIBILITY

State Active employees covered under labor agreements effective July 2007 are eligible for enrollment in **NJ DIRECT15, Aetna HMO, or CIGNA HMO.**

Most State retirees are eligible to enroll in either **NJ DIRECT 10, NJ DIRECT 15, Aetna HMO, or CIGNA HMO.**

Plan design details will be provided in January.

Participating Providers

NJ DIRECT and both HMOs are available nationwide. Employees should check with the medical plans to determine provider participation.

The SHBP is also in the process of updating the online *Unified Provider Directory* with information about providers in New Jersey and neighboring states who participate in the new plans. The *Unified Provider Directory* is available from a link on the SHBP home page at: www.state.nj.us/treasury/pensions/shbp.htm.

Provider directories will not be available in printed form but are available online at the plan administrator Web sites.

PLAN IMPLEMENTATION

The SHBP and Division of Pensions and Benefits will provide State Employers with follow-up mailings as new information becomes available. Informational seminars are also being scheduled for early January 2008 (see “Employer Support Materials and Information” below).

SPECIAL OPEN ENROLLMENT

The SHBP will hold a Special Open Enrollment for employees from **January 28 through February 15, 2008**. Detailed plan information for distribution to employees will be shipped to employers by the end of January.

The current SHBP plans — NJ PLUS, the Traditional Plan, and three HMO plans: AmeriHealth, Health Net, and Oxford Health Plans — will no longer be available to employees effective March 28, 2008 for Biweekly State employees and March 31, 2008 for State Monthly employees and retirees. As noted previously, certain labor agreements have not been settled and others do not expire until 2008. For employees covered by these groups, the Traditional Plan and NJ PLUS will continue until the agreements are ratified. However, AmeriHealth, Health Net, and Oxford Health Plans will terminate for ALL employees and retirees effective March 31, 2008 (March 28th for State Biweekly employees) regardless of union affiliation.

Due to the large subscriber population in the SHBP, the SHBP is planning a passive open enrollment. Current subscribers will be automatically transferred to the new plan offerings as outlined below *unless* they submit a *SHBP Application* choosing another plan.

- **State Employees enrolled in NJ PLUS or the Traditional Plan** will be *automatically transferred* to **NJ DIRECT15**.
- **State Employees enrolled in Aetna HMO or CIGNA HMO** will remain in the **HMO** *in which they are currently enrolled*.
- **All employees enrolled in AmeriHealth, Health Net, or Oxford Health Plans** must choose another health plan or they will *automatically be transferred* to **NJ DIRECT15**.
- ***The Special Open Enrollment is for medical plan changes only.*** Members will not be permitted to add dependents to coverage, change coverage levels, or make changes to dental or prescription drug plans.

Please note: completed *SHBP Applications* are due from employers to the Division of Pensions and Benefits *no later than* Friday, February 22, 2008.

Retiree Communications

Information about plan changes for retirees, applicable retiree rates, and an *SHBP Retired Status Application* will be mailed directly to SHBP retired group members when retiree plan details are complete.

EMPLOYER SUPPORT MATERIALS AND INFORMATION

The following information and resources are available to employers to assist with the Special Open Enrollment.

MILESTONES — Enclosed is a milestone chart that lists the critical dates of the Special Open Enrollment. Please use this chart as a checklist to guide your activities during open enrollment.

INFORMATIONAL SEMINARS FOR EMPLOYERS — The SHBP will be providing seminars to introduce the new SHBP medical plans to employers and address questions about the changes. Seminars for State employers will be scheduled for early January 2008. Employer representatives can find seminar dates, locations, and can register using the Division of Pensions and Benefits' online Seminar Registration System. Visit: www.state.nj.us/treasury/pensions and click "Seminars and Workshops" on the Division's home page. At the Seminars page, select "SHBP Employer Seminars" from the drop menu to see seminar dates and locations.

INFORMATIONAL SEMINARS FOR EMPLOYEES — During the Special Open Enrollment the SHBP will provide regional seminars to familiarize employees with the new SHBP medical plans. Seminars will be held at locations around the State. Employees can find seminar dates, locations, and can register using the Division of Pensions and Benefits' online Seminar Registration System. Visit: www.state.nj.us/treasury/pensions and click "Seminars and Workshops" on the Division's home page. At the Seminars page, select "SHBP Employee Seminars" from the drop menu to see seminar dates and locations.

SHBP WEB LINKS AND ONLINE PRESENTATIONS — Links to SHBP news, forms, and other Open Enrollment or plan information, including online video presentations, will be available on the SHBP Web site at: www.state.nj.us/treasury/pensions/shbp.htm At the SHBP home page click on the link for "SHBP News" and look for the "Special Open Enrollment" information and presentations (Webex or Flash Player download may be required for video presentations).

GUIDE TO CHOOSING A SHBP PLAN — The publication, *A Guide to Choosing a SHBP Plan*, details the design of the new SHBP medical plans, lists plan contact information, and offers suggestions on how to choose a plan. By the end of January, each employer will be shipped a sufficient supply of the *Guide* for distribution to all employees.

SHBP APPLICATIONS — *SHBP Applications* are being revised for use with NJ DIRECT, Aetna HMO, and CIGNA HMO and will be made available to employers when ready. The revised applications will also be available for printing from the SHBP Web site at: www.state.nj.us/treasury/pensions/shbp.htm

RATE CHARTS — The State Health Benefits Commission will determine final plan rates early in January 2008. Employer and retiree rate charts will be made available at that time and posted to the SHBP Web site at: www.state.nj.us/treasury/pensions/shbp.htm

Reminder: Under the labor agreements of July 2007, most State employees pay a health contribution of 1.5% of salary for SHBP medical plan and/or prescription drug plan coverage regardless of the chosen plan or selected level of coverage.

MEDICAL PLAN COMPARISON SUMMARY Charts — Comparison charts for use with NJ DIRECT, Aetna HMO, and CIGNA HMO are being prepared and expected to be available for the Special Open Enrollment. Employers should watch their e-mail or the SHBP Web site for updates.

MEDICAL PLAN MEMBER HANDBOOKS — these publications are in the process of being updated for the new medical plans and will be available online when coverage begins in April 2008.

ADDITIONAL INFORMATION

Information about SHBP plans and the Special Open Enrollment will be available to members and employers on the Division of Pensions and Benefits Web site at: www.state.nj.us/treasury/pensions. At the home page click on “State Health Benefits Program” then select “SHBP News” in the right-hand column.

If you have additional questions regarding the SHBP, the Special Open Enrollment, or any of the information provided in this letter, contact the Division’s Office of Client Services at (609) 292-7524, or e-mail the Division at: pensions.nj@treas.state.nj.us

Enclosure

SHBP SPECIAL OPEN ENROLLMENT 2008

MILESTONE CHART FOR ALL PARTICIPATING EMPLOYERS

DATE	EVENT
End of January, 2008	SHBP plan information shipped to employers. Distribute to employees.
January 28, 2008	Special Open Enrollment Begins.
February 15, 2008	Open Enrollment Ends.
February 22, 2008	Employer certified applications due at the Health Benefits Bureau.
Mid to Late March, 2008	Enrollment processing completed. Plan ID cards mailed to member by selected medical plan.
April 1, 2008	Open Enrollment changes effective (March 29 th for State Biweekly employees).