CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

State of New Jersey
DEPARTMENT OF THE TREASURY
DIVISION OF PENSIONS AND BENEFITS
(609) 292-7524 TDD (609) 292-7718
www.state.nj.us/treasury/pensions

MAILING ADDRESS:
PO BOX 295
TRENTON, NJ 08625-0295

LOCATION:
50 WEST STATE STREET
TRENTON, NEW JERSEY

ANDREW P. SIDAMON-ERISTOFF
State Treasurer

FLORENCE J. SHEPPARD
Acting Director

September 27, 2012

TO: State Department Certifying Officers, Human Resource Directors, and Benefits Administrators

FROM: NJ Division of Pensions and Benefits

SUBJECT: **SHBP OPEN ENROLLMENT**

The State Health Benefits Program (SHBP) Open Enrollment period for State biweekly employees will begin on October 1, 2012, and end on November 9, 2012.

During the Open Enrollment period employees can make general changes (adding or deleting dependents, changing coverage levels, etc.) or enroll in a different medical or dental plan. All changes to coverage made during this Open Enrollment period will be effective on December 29, 2012 with any required deductions taken beginning with pay period 1 (pay check of January 4, 2013).

Completed employer-certified health benefits and/or dental applications must arrive at the Health Benefits Bureau no later than November 16, 2012, to ensure processing for the start of the 2013 plan year.

Note: Employers should submit completed *Health Benefits Applications* as they are received from employees rather than holding applications for submission at the end of Open Enrollment.

NEW MEDICAL PLANS AVAILABLE

Due to the recently completed Request for Proposal, new medical plan vendor choices are being added for the 2013 plan year. Aetna will be offering three new Preferred Provider Organization (PPO) plans along with moving the High Deductible Health Plans to a PPO platform of providers. Horizon Blue Cross Blue Shield of New Jersey will offer three new HMO plan* choices.

The full list of medical plans available to State employees includes:

- **PPO Plans:** Aetna Freedom15; Aetna Freedom1525; Aetna Freedom2030; NJ DIRECT15; NJ DIRECT1525; NJ DIRECT2030.
- **HMO Plans:** Aetna HMO; Aetna HMO 1525; Aetna HMO 2030; Horizon HMO; Horizon HMO 1525; Horizon HMO 2030.
- **High Deductible Health Plans:** Aetna Value HD1500; Aetna Value HD4000; NJ DIRECT HD1500; NJ DIRECT HD4000.

***Note:** The service areas for the Horizon HMOs are limited to New Jersey, Delaware, and bordering counties of Pennsylvania and New York.

CIGNA MEDICAL PLAN TERMINATION

Also effective with the 2013 plan year, the **Cigna medical plans** — Cigna HealthCare HMO; Cigna 1525; Cigna 2030; Cigna HD1500; and Cigna HD4000 — will no longer be offered through the State Health Benefits Program (SHBP).

Active Employees enrolled in Cigna medical plans MUST select a new medical plan for 2013, by submitting a *Health Benefits Application* to their human resources representative during Open Enrollment.

State biweekly employees enrolled in Cigna who fail to select a new medical plan **will not have medical coverage effective December 29, 2012.**

> **Note:** The Cigna Dental DPO remains available to employees eligible for the SHBP Employee Dental Plans.

SUMMARIES OF BENEFITS AND COVERAGE

Detailed information about the SHBP's medical plans is available through new *Summaries of Benefits and Coverage* which are posted online at: *www.state.nj.us/treasury/pensions/hb-sbc-home.shtml*

A direct mailing is being sent to all SHBP members to announce the availability of the summaries, however, employers are also asked to provide notice of this information to their employees. A sample of the mailer is included with this letter.

PLAN RATES

Plan rates for 2013 were approved by the State Health Benefits Commission on September 12, 2012. Rate charts for the State Biweekly Group are attached and are also posted online for the Open Enrollment through links at: *www.state.nj.us/treasury/pensions/health-benefits.shtml*

EMPLOYEE CONTRIBUTIONS FOR SHBP COVERAGE

Pursuant to the Pension and Health Benefit Reform (Chapter 78, P.L. 2011), employees must pay a percentage of the medical and prescription plan premiums (or 1.5% of annual salary if greater).

Most State employees are currently subject to a four-year phase-in of contribution rates, and pay at the "Year Two" contribution level. "Year Two" contribution rates apply for the period of July 1, 2012 through June 30, 2013. "Year Three" contribution rates will apply for the period of July 1, 2013 through June 30, 2014.

The increase in plan premiums will also increase the required employee contribution for medical and prescription coverage. Employees who are considering a change of medical plan based on cost should review the contribution amounts for both "Year Two" and "Year Three" contributions.

Percentage of premium contribution worksheets and online calculators have been revised for 2013 plan selections and rates, and are available through links at: *www.state.nj.us/treasury/pensions/health-benefits.shtml*

WAIVING SHBP COVERAGE

State employees are permitted to waive SHBP medical *and* prescription coverage — and avoid the required employee contribution — provided that they have other health care coverage. To waive coverage a *SHBP State Waiver* form and a *Health Benefit Application* must be completed during Open Enrollment. To waive coverage effective January 1, 2013, employees should indicate "Open Enrollment" on the waiver form; otherwise, the waiver will be effective *before* January 1st.

DENTAL PLANS

Dental coverage is offered to *all* eligible State employees through the **Employee Dental Plans.** Seven different dental plans are offered based on one of two different plan designs — **Dental Plan Organizations** (DPO) and a **Dental Expense Plan** (PPO).

- Six **DPOs** are available: Aetna DMO; BeneCare; CIGNA DHMO; Community Dental Associates; Healthplex; and Horizon Dental Choice.

  DPOs contract with a network of providers for dental services. When an employee or dependent uses a DPO dentist, diagnostic and preventive services are covered in full. Most other eligible expenses require a small copayment. Members must use a provider that participates with the DPO selected to receive coverage. Be sure to confirm that the dentist or dental facility selected is taking new patients and participates with the SHBP Employee Dental Plans, since DPOs also service other organizations.

- The **Dental Expense Plan** is a PPO plan that allows members to obtain services from any dentist; however, as a PPO, using an in-network provider will reduce an employee's costs. After satisfying an annual deductible (no deductible for preventive services), members are reimbursed a percentage of the reasonable and customary charges for eligible services.

Employees must remain enrolled in a dental plan for a minimum of 12 months before they will be allowed to change plans. This means that an employee who was not enrolled in a dental plan as of January 1, 2012, <u>will not</u> be permitted to change dental plans during this Open Enrollment.

The employee cost for coverage under a dental plan is **50 percent** of the actual dental plan premium. Therefore, the employee cost varies depending on which dental plan an employee chooses; however, the rate for coverage under a DPO remains considerably less expensive than the Dental Expense Plan.

Dental Plan Rates for 2013 were approved by the State Health Benefits Commission on August 21, 2012. Rate charts for dental coverage will be posted for Open Enrollment at: *www.state.nj.us/treasury/pensions/health-benefits.shtml*

TAX$AVE AND THE SHBP

The State Employees' Tax Savings Program (Tax$ave) Open Enrollment Period begins October 1, 2012 and has been *extended* until November 9, 2012 (to coincide with the end of the SHBP Open Enrollment Period). Tax$ave is a benefit program available to full-time State employees who are eligible for the SHBP. Tax$ave can save your employees tax money by paying health and dental benefit premiums and eligible unreimbursed medical and/or dependent care expenses with before-tax dollars.

Separate Tax$ave Open Enrollment materials were distributed to employers and contain more information about these valuable benefits. Please also note the items detailed below that relate to **both** Tax$ave and SHBP medical and dental plan enrollment.

- **Limitations on Plan Changes if Enrolled in POP** — Internal Revenue Service (IRS) rules require that for an employee covered by the Premium Option Plan, payroll deductions for health and dental plan benefits remain the same for the entire plan year. Therefore, no coverage level changes can be made which result in a change in the amount of an employee's health and/or dental plan deduction unless a Qualifying Event has occurred. Employees should consider the phased-in "Year Three" increases effective July 1, 2013 in their 2013 plan selection and Tax$ave decisions.
- **Tax$ave, Civil Unions, and Domestic Partners** — SHBP members need to be aware of the possible federal tax implications of adding a civil union partner or domestic partner to SHBP benefits. Since the federal tax code does not view civil union or domestic partners in the same manner as spouses, an employer may have to treat the civil union or domestic partner SHBP benefit as taxable to the employee and withhold federal income, Social Security, and Medicare taxes on its value. Similarly, since the partner's coverage is a federally taxable benefit, an employee who participates in the Tax$ave Premium Option Plan cannot make pre-tax payments for the cost of a civil union or domestic partner's coverage. Pre-tax dollars may still be used to pay for the employee's portion of the cost of his or her own and dependent children's coverage. If an employee wants to claim a federal tax dependency exemption for a civil union or domestic partner, he or she should contact the Internal Revenue Service or see *IRS Publication #503, Dependents*.

DISTRIBUTION OF OPEN ENROLLMENT MATERIALS

As of this mailing, Open Enrollment informational materials are being prepared for posting to our Web site for the October 1st Open Enrollment starting date.

As most Open Enrollment items are available in electronic format only, employers should direct their employees to the Open Enrollment information online at the Division of Pensions and Benefits Web site. Included with this letter is an announcement flier with directions to the Division's Web site that can be distributed to employees.

Items available on our Web site for Open Enrollment include the *Health Capsule* newsletter which details plan changes and other Open Enrollment news, *Summaries of Benefits and Coverage* (discussed earlier in this letter), rate information for plan year 2013, and revised *Health Benefits Program Applications.*

- Employers should note that in addition to the separate State employee *Health Benefits Program Applications* for **Medical** and **Dental** plans, an additional application is being added this year for enrollment into any of the **High Deductible Health Plans** (provide the *HSA Contribution Form* to Centralized Payroll for any HDHP enrollments). Please be certain that your employees are aware of, and have access to, <u>all three types of application</u>. Samples of the revised applications are included with this letter.

Plan Marketing Contacts — included with this letter you will find a listing of employer marketing contacts for the medical and dental plans. Use these contacts to obtain plan specific information and literature for your employees. These telephone numbers are <u>not</u>

for member services. Please do not give these telephone numbers to your employees. (Phone numbers and Web address contacts *for employees* are provided in the *Health Capsule* newsletter and on the Division of Pensions and Benefits Web site.)

Certifying Officers should check the Division's Web site and watch for further e-mail notification of any updated information or publications and forward the information to their Human Resources staff, Benefits Administrators, or any other staff members responsible for the communication and administration of health benefits for your employees.

ADDITIONAL INFORMATION

If you have any questions about the SHBP Open Enrollment or the information in this letter, please contact our Office of Client Services at (609) 292-7524 to speak with an Employer Group representative or send an e-mail to: *pensions.nj@treas.state.nj.us*

Thank you for your assistance in making the SHBP Open Enrollment a success for your employees.

Enclosure

State Biweekly Health Benefits and Dental Rates

State Active Group Health Benefits Applications

HSA Contribution Form

Notice of Summaries of Benefits and Coverage

Open Enrollment Flier for Online Access

Medical and Dental Plan Marketing Contacts