



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

LOCATION:
50 WEST STATE STREET
TRENTON, NEW JERSEY

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

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

ANDREW P. SIDAMON-ERISTOFF
State Treasurer

FLORENCE J. SHEPPARD
Acting Director

September 27, 2012

TO: Local Government Certifying Officers, Human Resource Directors, and Benefits Administrators participating in the State Health Benefits Program

FROM: NJ Division of Pensions and Benefits

SUBJECT: SHBP OPEN ENROLLMENT

The State Health Benefits Program (SHBP) Open Enrollment period for Local Government 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 January 1, 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 four 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 Freedom10; Aetna Freedom15; Aetna Freedom1525; Aetna Freedom2030; NJ DIRECT10; 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.

Local government employees enrolled in Cigna who fail to select a new medical plan **will not have medical coverage effective January 1, 2013**.

Note: The Cigna Dental DPO remains available to employees whose employer participates in the SHBP Employee Dental Plans.

PAYROLL DEDUCTIONS AVAILABLE FOR HDHP PARTICIPANTS

Beginning in plan year 2013, employees participating in the one of the High Deductible Health Plans (HDHP) will be able to have tax deferred contributions from their paychecks to fund their Health Savings Account (HSA). Previously, employees were required to make direct contributions and then claim the contribution on their tax returns. If one of your employees chooses (or is currently enrolled) in one of the HDHP, Aetna or Horizon will contact you to assist in setting up the payroll deductions. A sample of the *HSA Contribution Form* is included with this letter.

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 Local Government 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) and with the expiration, renewal, or extension of collective negotiations agreements, employees must pay either a percentage of the medical and prescription plan premium or 1.5% of annual salary, whichever is greater.

Most local government employees are currently subject to one of four-year phase-in levels of contribution rates. Employers should advise their employees of the current phased-in contribution level so they can correctly determine the required contributions when considering plan choices.

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

The increase in plan premiums for 2013 will increase the 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 the current contribution phase-in level and for the next phased-in level — when the required contribution amount will increase.

WAIVING SHBP COVERAGE

Local government employees are permitted to waive SHBP medical *and* prescription coverage if they have other employer-provided or retiree coverage, or other coverage as a dependent.

Employers are permitted to offer an incentive to employees who waive SHBP coverage. Under Chapter 2, P.L. 2010, the incentive amount for waivers is limited to 25 percent of the amount saved by the employer or \$5,000, whichever is less. In addition, because multiple coverage under the SHBP/SEHBP is prohibited, waiver incentives are only payable if the other coverage is through a non-SHBP/SEHBP plan.

To waive coverage a *SHBP Waiver Form for Local Employees* and a *Health Benefit Application* must be completed and submitted 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 AND EMPLOYEE COSTS

The following information is for local government employers who provide employee dental coverage through the **Employee Dental Plans**:

Seven different dental plans are offered to *eligible* employees 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, will not 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

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**. Please be certain that your employees are aware of, and have access to, all three types of application. 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 not 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

Local Government Health Benefits and Dental Rates
Local Government 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