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September 2013

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, 2013, and end on November 1, 2013.

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 28, 2013 with any required deductions taken beginning with pay period 1 (pay check of January 3, 2014).

Completed employer-certified health benefits and/or dental applications must arrive at the Health Benefits Bureau no later than November 15, 2013, to ensure processing for the start of the 2014 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.

AVAILABLE MEDICAL PLANS

For State employees, the selection of medical plans remains unchanged for the 2014 plan year. Both Aetna and Horizon Blue Cross Blue Shield of New Jersey offer Preferred Provider Organization (PPO) plans, Health Maintenance Organization (HMO) plans, and High Deductible Health Plans.

New 2035 Plan Design — included in the plan offerings for State employees this Open Enrollment are new 2035 medical plan designs. The new 2035 plans feature a \$20 copayment for a primary care visit, \$35 copayment for a specialist visit, and a new prescription drug plan: all designed to reduce premium costs and lower employee contributions.

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

- **PPO Plans:** Aetna Freedom15; Aetna Freedom1525; Aetna Freedom2030; Aetna Freedom2035; NJ DIRECT15; NJ DIRECT1525; NJ DIRECT2030; NJ DIRECT2035.
- **HMO Plans:** Aetna HMO; Aetna HMO 1525; Aetna HMO2030; Aetna HMO 2035; Horizon HMO; Horizon HMO1525; Horizon HMO2030 Horizon HMO2035.

- **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.

SHBP WELLNESS PROGRAM

Beginning with the 2014 plan year, the SHBP will launch **NJWELL** — a new wellness program designed to help you and your employees live a healthy lifestyle. NJWELL is open to employees who are enrolled in the SHBP. Spouses and eligible partners can also participate, as long as they are covered by the SHBP plan.

Through NJWELL, employees receive incentives for participating in simple screenings, health assessments, and participating in other wellness and healthy lifestyle activities. And since healthier individuals typically require less-costly health care, the NJWELL program can help the SHBP contain health care costs and pass those savings to you, the employer, through lower premium rates in the future.

Watch your mail and e-mail for more information to introduce NJWELL throughout the fall. Information about NJWELL will also be posted on the Division's Web site through links at: www.state.nj.us/treasury/pensions/health-benefits.shtml

SUMMARIES OF BENEFITS AND COVERAGE

Detailed information about the SHBP's medical plans is available through the *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 2014 were approved by the State Health Benefits Commission. Rate charts for the State Biweekly Group are attached and are also posted online 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 Three" contribution level. "Year Three" contribution rates apply for the period of July 1, 2013 through June 30, 2014. "Year Four" *full contribution rates* will become effective July 1, 2014 and thereafter.

The increase in plan premiums also increases 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 Three” and “Year Four” contributions.

Percentage of premium contribution worksheets and online calculators have been revised for 2014 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, 2014, 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, 2013, 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 2014 were approved by the State Health Benefits Commission and rate charts for dental coverage for the State Biweekly Group are attached and also posted online for the Open Enrollment through links 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, 2013 and ends on November 1, 2013 (to coincide with 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 July 1, 2014 increase to the full required contribution level effective in their 2014 plan selection and Tax\$ave decisions.
- **Tax\$ave, Civil Unions, and Domestic Partners** — SHBP members need to be aware of the federal tax implications for a civil union partner or domestic partner under SHBP benefits. While the Internal Revenue Service (IRS) now recognizes a marriage of same-sex spouses for federal tax purposes, this recognition does not extend to a civil union partner or same-sex domestic partner. 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 2014, 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, a separate application and contribution form are required 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, all three types of application.

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.

SOCIAL MEDIA

The Division of Pensions and Benefits will launch official Facebook, Twitter, and YouTube pages. These social media accounts have been created for the limited purpose of generally discussing NJDPB pension plans, health benefit programs, and NJDPB administration and operations. These sites are not intended nor created to be a general public forum, or to discuss individual member or annuitant specific information. We encourage you and your employees to stay connected to the Division through the new social media accounts listed below:

www.facebook.com/NJDPB
www.twitter.com/NJDPB1
www.youtube.com/user/DPBNJ

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