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September 2014

TO: State College and University Certifying Officers, Human Resource Directors, and Benefits Administrators; State Monthly 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 monthly employees will begin on October 1, 2014, and end on October 31, 2014.

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, 2015.

Completed employer-certified health benefits and/or dental applications must arrive at the Health Benefits Bureau no later than November 14, 2014, to ensure processing for the start of the 2015 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.

DENTAL PLANS

Two Dental Plan Organizations (DPO), **BeneCare and Community Dental Associates, will no longer be offered in Plan Year 2015. In addition, a new DPO, Metlife, will be available to employees beginning in January.**

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

<u>Benecare and Community Dental Associates participants must choose a new dental carrier by October 31 in order to continue dental coverage in 2015.</u>

- Five DPOs are available: Aetna DMO; CIGNA DHMO; Healthplex; Horizon Dental Choice; and MetLife.
- 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.

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 2015 were approved by the State Health Benefits Commission and rate charts for dental coverage for the State Monthly Group are attached and also posted online at: *www.nj.gov/treasury/pensions/health-benefits.shtml*

AVAILABLE MEDICAL PLANS

For State employees, the selection of medical plans remains unchanged for the 2015 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.

The 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 HMO1525; Aetna HMO2030; Aetna HMO2035; 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 in Pennsylvania and New York.

NJWELL PROGRAM

NJWELL — a wellness program designed to help you and your employees live a healthy lifestyle — 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.

In 2014, the focus of NJWELL is to help participants understand their current health status by knowing your numbers. Employees and their covered spouses or partners will each receive a $100 gift card when they earn 250 Wellness Points by October 31, 2014.

Also in 2015, Employees and their covered spouses or partners can receive a gift card worth up to $200 for earning anywhere from 300 to 500 or more points. Watch your mail and e-mail for upcoming information about NJWELL in 2015. Information about NJWELL will also be posted on the Division's Web site through links at: *www.nj.gov/njwell*

PAYROLL DEDUCTIONS AVAILABLE FOR HDHP PARTICIPANTS

Employees participating in the one of the High Deductible Health Plans (HDHP) are able to have tax deferred contributions from their paychecks to fund their Health Savings Account (HSA). 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.nj.gov/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 2015 were approved by the State Health Benefits Commission. Rate charts for the State Monthly Group are attached and are also posted online for the Open Enrollment through links at: *www.nj.gov/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.

State employees were subject to a four-year phase-in of contribution rates, and now pay the full contribution rate at the "Year Four" contribution level that became effective on July 1, 2014.

Percentage of premium contribution worksheets and online calculators have been revised for 2015 rates, and are available through links at: *www.nj.gov/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, 2015, employees should indicate "Open Enrollment" on the waiver form; otherwise, the waiver will be effective *before* January 1st.

TAX$AVE AND THE SHBP

The State Employees' Tax Savings Program (Tax$ave) Open Enrollment Period begins October 1, 2014 and ends on October 31, 2014 (to coincide with the SHBP Open Enrollment Period). Tax$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.
- **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 2015, and revised *Health Benefits Program Applications.*

- Employers should note that in addition to the 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**. 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

We encourage you and your employees to stay connected to the Division throughout Open Enrollment via the 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.nj.gov*

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

Enclosure

State Monthly Health Benefits Rates
State Active Employees Medical Plan Design Chart
State Active Group Health Benefits Applications
HSA Contribution Form
Notice of Summaries of Benefits and Coverage
Health Capsule Newsletter
Open Enrollment Flier for Online Access
Medical and Dental Plan Marketing Contacts