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October 2011

TO: Local Education Certifying Officers, Human Resource Directors, and Benefits Administrators participating in the School Employees' Health Benefits Program

FROM: NJ Division of Pensions and Benefits

SUBJECT: SEHBP OPEN ENROLLMENT

The School Employees' Health Benefits Program (SEHBP) Open Enrollment period for Local Education employees will begin on October 17, 2011, and end on November 11, 2011.

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, 2012.

Completed employer-certified health benefits and/or dental applications must arrive at the Health Benefits Bureau no later than November 14, 2011, to assure processing for the start of the 2012 plan year.

Note: Due to the short submission deadline, employers should submit completed *Health Benefits Applications* as they are received from employees rather than holding applications for submission at the end of the Open Enrollment period.

NEW PLAN DESIGNS

On October 6, 2011, the School Employees' Health Benefits Plan Design Committee approved **new medical and prescription drug plans** to be offered through the SEHBP.

The current NJ DIRECT10, NJ DIRECT15, Aetna HMO, and CIGNA HealthCare HMO plans will still be available through the SEHBP in plan year 2012. However, additional plan options are now also available.

- Horizon Blue Cross Blue Shield of New Jersey (BCBSNJ), Aetna, and CIGNA will each offer **two additional plan design options**, which provide lower premiums in exchange for higher copayments, deductibles, and out-of-pocket amounts on services that are received.
- Horizon BCBSNJ, Aetna, and CIGNA will also offer a **High Deductible Health Plan** for employees and certain retirees.
- As you know, a local employer can provide prescription drug benefits to its employees in one of three ways: through the freestanding SEHBP

Freestanding Prescription Drug Plan, through a private vendor or through the medical plan. If prescription drugs are provided through the medical plans for Active employees, the new NJ DIRECT1525 and NJ DIRECT2030 the coinsurance is 15%. The coinsurance under NJ DIRECT10 and NJ DIRECT15 remain at the current level of 10%.

- Under the active Employee Prescription Drug Plan the copayments will remain the same for the current plans; however, the new plan designs have different copayments. In addition, employees who choose a high deductible health plan cannot be enrolled in another prescription drug plan. Instead, prescription drugs are covered under the plan and are subject to a deductible.

Chapter 78, P.L. 2011 requires an employer to offer employees a minimum of three coverage level options (e.g. NJ DIRECT 10, NJ DIRECT 1525, and NJ DIRECT 2030), plus a high deductible health plan.

Premium rate charts for the new plans are being finalized and this information will be sent to employers as soon as possible.

- Employees may enroll in the new plans during the Open Enrollment period for coverage in the 2012 plan year. Plan rates were approved by the School Employees Health Benefits Commission on October 12, 2011. Rate charts will be posted to the Division of Pensions and Benefits Web site at: www.state.nj.us/treasury/pensions as soon as they are available for release.
- Employees who are simply adding or deleting a dependent, or changing coverage levels should complete a *Health Benefits Application* and submit it to their employer any time during the Open Enrollment period.

EMPLOYEE CONTRIBUTIONS FOR SEHBP COVERAGE

Pursuant to Chapter 78, P.L. 2011, the Pension and Health Benefit Reform Law, new employee health benefit contribution amounts became effective as soon as administratively feasible, or upon the expiration of current collective negotiations agreements. Many employees must pay either a percentage of the medical and prescription plan premium **or** 1.5% of annual salary, whichever is greater. There will not be another Open Enrollment period before July 1, 2012.

WAIVING SEHBP COVERAGE

Local education employees are permitted to waive SEHBP 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 SEHBP 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 *SEHBP Waiver Form for Local Employees* and a *Health Benefit Application* must be completed and submitted by November 11, 2011. To waive coverage effective January 1st, employees should indicate "Open Enrollment" on the waiver form; otherwise, the waiver will be processed on a timely basis.

DENTAL PLANS AND EMPLOYEE COSTS

The following information is for local education 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. Providers must participate 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 changed from an indemnity type plan to a PPO plan that continues to allow members to obtain services from any dentist. After satisfying an annual deductible (no deductible for preventive services), members are reimbursed a percentage of the reasonable and customary charges for most services.

The Dental Expense Plan is changed from a passive PPO to a true PPO plan effective January 1, 2012. Under the new design, employees will see no change in benefits provided they use an in-network provider. As outlined below, using an out-of-network provider will increase an employee's costs and reduces the annual maximum benefit. The new PPO plan does not change the current \$50 in-network deductible or \$3000 benefit maximum.

	<u>In-Network</u>	<u>Out-of-Network</u>
Deductible/Calendar Year	\$50 / Individual \$100 / Family Waived for Preventive	\$75 / Individual \$150 / Family Waived for Preventive Deductible applies to in-network services as well
Coinsurance (as % of R&C)	100% Preventive 80% Basic Restorative 65% Major Restorative 50% Periodontics & Prosthodontics	90% Preventive 70% Basic Restorative 55% Major Restorative 40% Periodontics & Prosthodontics
Maximum Annual Benefit/ Individual	\$3,000	\$2,000 (Maximum of \$3,000 combined in and out-of-network)
Orthodontia under age 19	50% to \$1,000 lifetime maximum (not subject to deductible) (Maximum not combined with Annual Maximum)	40% to \$750 lifetime (maximum of \$1,000 combined in and out-of-network) (not subject to deductible) (Maximum not combined with Annual Maximum)

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 2012 were approved by the State Health Benefits Commission on October 12, 2011. Rate charts for dental coverage will be posted to the Division of Pensions and Benefits Web site: www.state.nj.us/treasury/pensions/open-2011.shtml as soon as they are available for release.

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 if an employee was not enrolled in a dental plan as of January 1, 2011, they will not be permitted to change dental plans during this Open Enrollment.

DISTRIBUTION OF OPEN ENROLLMENT MATERIALS

Due to the changes in schedule for this year's Open Enrollment period, many of the Open Enrollment informational materials, including the *Health Benefits Program Application*, are still being finalized as of this mailing and will be distributed to employers as soon as they are approved for release.

Most of these Open Enrollment items **will be available in electronic format only** and distributed via e-mail or provided through links at the Division of Pensions and Benefits Web site: www.state.nj.us/treasury/pensions/open-2011.shtml

Certifying Officers should watch for further e-mail notification and forward any pertinent information and links to their Human Resources staff, Benefits Administrators, or any other staff members responsible for the communication and administration of health benefits for your employees.

Employers should also inform employees to access the Open Enrollment information online as it becomes available on the Division of Pensions and Benefits Web site.

ADDITIONAL INFORMATION

If you have any questions about the SEHBP Open Enrollment Period 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 SEHBP Open Enrollment Period a success for your employees.