

**SHBP PDC Resolution #2019-7**

**RESOLUTION OF THE STATE HEALTH BENEFITS PROGRAM PLAN DESIGN COMMITTEE ALLOWING EMPLOYERS FLEXIBILITY IN PLAN PARAMETERS AS TO PRESCRIPTION PLANS FOR RETIREES**

WHEREAS, pursuant to N.J.S.A. 52:14-17.29 et seq., the State Health Benefits Program (SHBP) provides health coverage to qualified employees and retirees of the State and participating local employers; and

WHEREAS, the SHBP was enacted in 1961 for the purpose of providing affordable health care coverage for public employees on a cost effective basis; and

WHEREAS, while the SHBP has authority over plan design, the State Health Benefits Commission has authority over plan authorization and structure; and

WHEREAS, all SHBP plans, with the exception of Medicare Advantage plans, are self-funded, which means that the money paid out for benefits comes directly from a SHBP fund supplied by the State, participating local employers, and member premiums; and

WHEREAS, the Division of Pensions and Benefits has had a long standing position based on N.J.A.C. 17:9-6.10 (b) that co-payments required under the prescription drug plan are separate and distinct from the medical portion of any SHBP plan; and

WHEREAS, The State of New Jersey has 565 separate municipalities most with separate Collective Negotiations Agreements (CNA) with different labor organizations; and

WHEREAS, the different levels of benefits, especially those promised to current retirees in their CNAs, creates a barrier for employers to move their active and retired members into the State Health Benefits Plan; and

WHEREAS, it is widely recognized that the larger the pool of members in the State Health Benefits Plan, the more stable the premiums should be and the stronger the purchasing power would be to maintain stable health care costs;

NOW, THEREFORE, BE IT RESOLVED:

That the SHBP PDC encourages the State Health Benefits Commission to direct the Division of Pensions and Benefits to create all current retiree plans with and without prescription benefits to allow employers to offer a "carve out" plan that will comply with the employees' retirement benefits under the applicable CNA;