

SHBP PDC RESOLUTION 2023-10

**RESOLUTION OF THE STATE HEALTH BENEFITS PROGRAM PLAN DESIGN
COMMITTEE RELATED TO MEDICAL AND SPECIALTY PHARMACY**

WHEREAS, pursuant to N.J.S.A. 52:14-17.25 to -17.46a, the State Health Benefits Program (SHBP) provides health coverage to qualified employees and retirees of the State of New Jersey (State) and participating local employers; and

WHEREAS, the SHBP was created in 1961 to provide affordable health care coverage for public employees on a cost-effective basis; and

WHEREAS, all SHBP plans, with the exception of Medicare Advantage plans, are self-funded, which means 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 costs for health and prescription drug benefits continue to increase significantly each year, which has strained the budgets of the State and local employers and caused increased costs to members; and

WHEREAS, the costs for medical and specialty pharmacy prescription drug benefits, in particular, are increasing at greater rate than the cost of other healthcare services, which has become a significant driver of cost increases to the SHBP and its members; and

WHEREAS, the SHBP Plan Design Committee formed a subgroup more than a year ago to research and evaluate the benefits and feasibility of medical and/or specialty pharmacy reform concepts, with the goal of finalizing a resolution directing the Division to take necessary administrative steps to implement such reform measures for the SHBP, and to work with the SHBC, as needed, to the extent that such reform measures require contracting changes; and

WHEREAS, the SHBP Plan Design Committee subgroup realizes the complexity of the healthcare delivery system, the seriousness of the diseases these high-cost drugs are used to treat, the misalignment of financial incentives for providers in administering certain high-cost drugs, and the lack of readily implementable solutions means reducing costs for medical and specialty pharmacy prescription drug benefits will likely require a large-scale overhaul of the SHBP's coverage of and payment for medical and specialty pharmacy prescription drug benefits, which the SHBP Plan Design Committee wishes to do in a manner that achieves significant, sustained cost savings to the SHBP while minimizing significant member disruption to the extent practicable;

WHEREAS, the SHBP Plan Design Committee subgroup acknowledges a large-scale overhaul of the SHBP's medical and specialty pharmacy prescription drug benefits will likely require a much longer period of analysis and research, as well as additional time for any subsequent implementation; and

WHEREAS, pursuant to N.J.S.A. 52:14-17.29(D), the SHBP Plan Design Committee finds it in the best interest of the State, local employers, and employees, to consider and where feasible, adopt smaller-scale reform measures as soon as possible to begin to rein in the cost to the SHBP of medical and specialty pharmacy prescription drug benefits.

NOW THEREFORE, BE IT RESOLVED AS FOLLOWS:

2023-10 Medical Specialty RX

1. The SHBP Plan Design Committee will continue to work within its subgroup structure to develop and finalize plan design changes to address the rising costs of medical and/or specialty pharmacy prescription drug benefits with a focus on a multi-phase, incremental approach to reforms, while also continuing to analyze longer-term, structural reforms; and
2. The SHBP Plan Design Committee shall use best efforts to finalize at least one resolution designed to lower the cost of certain medical and/or specialty pharmacy prescription drug benefits for the SHBP by its October 2023 meeting.

DATED: JULY 26, 2023