

State of New Jersey  
School Employees' Health Benefits  
Program  
Mid-Year Experience Analysis  
For Plan Year 2022

March 27, 2023

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# **School Employees' Health Benefits Program**

## ***Mid-Year Experience Analysis for Plan Year 2022***

### **Section 1: Executive Summary**

The purpose of this analysis is to review and update projected costs for Plan Years (calendar years) 2021, 2022, and 2023, using the Mid-Year experience of the Medical and Prescription Drug Program offered to Local Education Active Employees and Retirees by the New Jersey School Employees' Health Benefits Program (SEHBP). The Mid-Year experience of the State Group, Local Government Group, and the Dental Plans is addressed in separate analyses.

### **Financial Results**

For this Mid-Year Analysis, projections are based on medical claims and prescription drug claims paid through September 30, 2022, and monthly census data provided by the State through December 2022. The 2023 projections reflect January 2023 Open Enrollment data provided by the State. Open enrollment results were adjusted based on known 2023 SEHBP employer entrances and terminations, which were provided by Horizon and the State. Due to COVID-19, the underlying 2021 medical claims used in the projections have been normalized for the estimated impacts of COVID-19. No additional adjustments for COVID-19 have been made in this analysis but might be advised in future projections.

#### Plan Year 2021

The updated data used in this Mid-Year Analysis impacted projected Plan Year 2021 costs mainly through additional run-out claim data. Total projected aggregate costs decreased 0.5% from the most recent projected costs provided in the Plan Year 2023 Rate Setting Analysis.

#### Plan Year 2022

Plan Year 2022 costs reflect additional actual 2022 claim data through September 2022 and actual enrollment data through December 2022. In total, the projected cost for Plan Year 2022 has increased 3.1% from the results shown in the Plan Year 2023 Rate Setting Analysis.

#### Plan Year 2023

Plan Year 2023 experience is projected using 12 months of updated medical and prescription drug claims experience through September 2022 and open enrollment reported by the State as of January 2023. Therefore, as with the Plan Year 2023 Rate Setting Analysis, all Plan Year 2023 results are projected. In total, the projected Plan Year 2023 cost has increased approximately 0.6% from the Plan Year 2023 Rate Setting Analysis. The rise in expected total costs is driven by a 1.1% increase in total Active costs and less than 0.1% decrease in total Retiree costs.

Additional detail regarding the gains and losses from the Plan Year 2023 Rate Setting Analysis are included in Sections 2 and 4 of this analysis.

The updated financial results have produced a projected claim stabilization reserve at December 31, 2023 equivalent to 2.0 months of plan costs. This is at the recommended level of 2.0 months of plan costs. The claim stabilization reserve as of December 31, 2021 is based on actual balances provided by the Division. The projected reserves as of December 31, 2022 and 2023 are based on the reserve balance as of June 30, 2022 provided by the Division.

On August 5, 2021, the SEHBC approved a one-month premium holiday for Local Education employers effective for Plan Year 2022. The Plan Year 2022 Local Education Active projections reflect this one-month premium holiday.

**SEHBP Local Education Employer Projected Active Stabilization Reserve**  
(in \$ millions)

	Reserve Balance
12/31/2021	\$580
12/31/2022	\$251
12/31/2023	\$248
Months of Plan Cost as of 12/31/2023	2.0

## COVID-19

Aon's current guidance is to project 2021 medical claims data normalized for the impacts of COVID-19. For the Plan Year 2022 Mid-Year Report, 2021 claims used for projecting 2022 and 2023 are adjusted using a blend of actual vs. expected claims experience, Aon National COVID-19 medical claim factors, and Aon North East Regional COVID-19 medical claims factors. No adjustment has been made to the 2022 claims data reflected in the projections.

Plan Year 2022 and 2023 estimates are limited by unknown factors, including:

- Cost of regular testing for COVID-19 and multiple infection peaks
- Cost of new drugs or vaccines that are developed and requirements for employers to cover those costs, at any price
- Unforeseen impact of provider economic distress & healthcare system capacity limits
- Potential higher ongoing costs of patients who recovered from COVID-19 illness
- Increased severity of claims as a result of delayed treatment
- Impact of federal assistance
- Potential to create anti-selection among employee population (i.e. COBRA, covered dependents, opt-in rates)

The Plan Year 2023 projections do not include any additional margin for COVID-19.

## Benefit Plans Maintained by the SEHBP

All self-insured medical plan options are administered by Horizon, all fully insured Medicare Advantage plans are administered by Aetna, and the prescription drug program is administered by Optum. Additionally, Aetna will administer the Garden State Health Plan, effective July 1, 2022. The State of New Jersey operates the SEHBP as a multiple-option program for participating Local Education Employees and Retirees, with the following medical plan options offered for Plan Year 2023:

- Preferred Provider Organization (PPO) plans (with the exception of the Garden State Health Plan) are administered by Horizon. In Plan Year 2023, Horizon will offer three options under their respective PPO plans. All three of these plans are available to Active Employees: PPO10, PPO15, and the new NJEHP plan effective January 1, 2021. The new NJEHP plan will be available to non-Medicare eligible retirees.
- Beginning July 1, 2022, a new Garden State Health Plan was implemented and administered by Aetna. All Local Education employees hired on or after July 1, 2020 will be enrolled in the NJEHP and will have the option to enroll in the Garden State Health Plan beginning July 1, 2022.
- All Medicare Advantage PPO and HMO plan options for Medicare-eligible members in Plan Year 2023 will be administered by Aetna: PPO10, PPO15, HMO10 and HMO1525. HMO plans offer no out-of-network coverage.
- Medicare-eligible members enrolled in Horizon's PPO or HMO plans are covered under Horizon's self-insured Medicare Supplement plans: HMO10, PPO1525, HMO1525, PPO2030 and HMO2030. HMO plans offer no out-of-network coverage.
- Active Employees may also be enrolled in a Prescription Drug Plan, which is administered by Optum. Local Education employers may select this plan, sign up for the prescription drug coverage under the medical plan (called MMRx), or purchase prescription drug coverage from an outside vendor. If an employer selects SEHBP prescription drug coverage, the prescription drug benefit option is linked to the medical plan selection. SEHBP Retirees also have Prescription Drug Plan options which are linked to the medical plan selection.

Medical and prescription drug benefit designs are summarized in Exhibit 4.

## Additional Disclosures

The projections in this analysis are measured on an incurred basis and are consistent with the assumptions and methodology disclosed herein. Future projections may differ significantly from the current projections presented in this analysis due to (but not limited to) such factors as the following:

- Plan experience differing from that anticipated by the economic or demographic assumptions;
- Changes in actuarial methods or in economic or demographic assumptions;
- Changes in plan provisions or applicable law.

This analysis contains the primary actuarial assumptions and methods used to develop the cost projections but may not include a comprehensive list of these methodologies and assumptions. Aon provided guidance with respect to these assumptions, and it is our belief that the assumptions represent reasonable expectations of anticipated plan experience.

## Section 2: Historical Overview

The following benefit and plan adjustments have been incorporated into the 2022 Mid-Year Analysis. There have been no changes from the Plan Year 2023 Rate Setting Analysis other than those noted below.

### Plan Benefit and Other Changes

Chapter 44: Approved through the SEHBP Plan Design Committee on July 10, 2020 and as enacted in P.L.2020, c.44 ("Chapter 44"), the State of New Jersey approved legislation that requires the SEHBP to offer to Local Education Actives three plans and Early Retirees only one plan, effective January 1, 2021, for medical and prescription benefits coverage which include the PPO10, PPO15, and New Jersey Educators Health Plan (NJEHP). In addition to the three plans offered on January 1, 2021, Chapter 44 requires an additional plan be offered to Actives and Early Retirees beginning July 1, 2021 (later extended to July 1, 2022) called the Garden State Health Plan. This law requires the elimination of all other benefit plans available to SEHBP Active and Early Retiree members. There is no impact to Medicare Retirees associated with this legislation.

Garden State Health Plan: Beginning July 1, 2022, a new Garden State Health Plan will be implemented. All Local Education employees hired on or after July 1, 2020 will be enrolled in the NJEHP and will have the option to enroll in the Garden State Health Plan beginning July 1, 2022. Cost and enrollment projections for the Garden State Health Plan have been included in this analysis. Final 18-Month premium rates through December 31, 2023 were previously developed for this plan. There are no changes to these premiums reflected in this analysis.

Resolution 2020-02: Approved through the SEHBP Plan Design Committee on July 10, 2020 and effective as soon as reasonably practicable, but in no event later than August 1, 2020, the SEHBP agreed to limit out-of-network allowed amounts for coverage of chiropractic, acupuncture, and physical therapy services. The out-of-network coverage for chiropractic and acupuncture services will be no more than \$35 a visit for chiropractic services and \$60 a visit for acupuncture visits, or 75% of the average in-network cost per visit, whichever is less. The out-of-network coverage for physical therapy services will be no more than 75% of the average in network cost per visit for physical therapy. Applicable co-insurance will apply for these services. This change affects Actives and Early Retirees and does not impact Medicare Retirees. Estimated annual savings are assumed to be in 2021 claims experience. This legislation is assumed to continue to be in effect for Plan Year 2023.

Additional Plan Design Changes that have been made and are assumed to continue to be in effect for Plan Year 2023 are as follows:

- Implementation of Fair Health National Database Reimbursement Methodology: Effective March 1, 2020, Out-of-Network medical claims for plans that reimburse based on FAIR Health database will be reimbursed based on the National Database of associated charges, rather than based on charges grouped by three-digit zip code. Savings for this change are assumed to be in the underlying claims experience and will continue in Plan Year 2023. This change does not impact Medicare Retirees.
- HMS Data Integrity Vendor: In accordance with Public Law 2019, Chapter 143, the State recently conducted a bid solicitation awarding HMS the opportunity to provide Medical Claims Review and Data Warehouse services for self-insured Active, Early, and Medicare Retirees. This law requires the third party Medical Claims Reviewer to provide ongoing review and oversight of current medical claims processes. In addition, the Medical Claims Reviewer also must collect, store and maintain a secure archive of medical and prescription drug claims and other health services payment information, as well as document the cost and nature of claims incurred, demographic information on the covered population, emerging utilization and demographic trends. Actual 2021 savings are assumed to be in the underlying claims experience. Actual 2021 fees as well as estimated 2022 and 2023 fees are provided by HMS. Estimated savings for this program are assumed to be in the underlying claims experience. This program is assumed to not impact Medicare Retirees.
- New Medicare Eligibility Vendor: The State implemented SSDC services to identify and conduct outreach to pre-65 retirees and spouses who are currently eligible or could become eligible for Medicare, in order to ensure enrollment in Medicare when appropriate. Estimated savings for this program are assumed to be in the underlying claims experience. This program does not impact Actives and Medicare Retirees.
- Navigation Advocacy: Effective January 1, 2020, Horizon was required to implement the Horizon Health Guide, an enhanced Navigation and Advocacy Model. Horizon's position is that the Navigation and Advocacy program was fully implemented. The State is disputing this. If the State is correct, the decrement for this program should have been more substantial and more in line with Horizon's projection. As this dispute is not yet resolved such that the resolution could be factored into this analysis, this analysis only includes the claims as actually experienced. Additionally, savings associated with Third-Party vendor solutions are assumed to be in the underlying 2021 claims experience. This program does not impact Medicare Retirees.
- Livongo Diabetes Management: Effective January 31, 2020, Livongo, a diabetes management program was launched for Actives and Early Retirees. The goal of the program is to help keep members living with diabetes in the safe zone of blood glucose levels by providing a cellular-enabled glucometer with testing strips and access to coaching and a 24/7 chat feature.



Livongo identifies eligible participants through Medical and Rx claims data and sends targeted communications to members for enrollment. Livongo analyzes data to personalize the program for each member and provide real-time health insights. Estimated savings for this program are assumed to be in the underlying claims experience. This program does not impact Medicare Retirees.

- Livongo Whole Person: Beginning Plan Year 2021, Livongo is also implementing the Livongo “Whole Person”, which provides a broader suite of services such as Livongo for Cardiovascular, Livongo for Weight Management, and Livongo for Behavioral Health in addition to the Livongo for Diabetes Management in effect since January 31, 2020. Estimated savings for this program are assumed to be in the underlying claims experience. This program does not impact Medicare Retirees.
- Hinge Health: Effective 2021, the State implemented Hinge Health, a coach-led, digital program using sensor guided exercise therapy for chronic back and joint pain. Estimated savings for this program are assumed to be in the underlying claims experience. This program does not impact Medicare Retirees.
- Amino: Effective 2021, the State implemented Amino, a provider directory promoting transparency that helps employees make smarter healthcare choices. The tool matches members with the highest quality, lowest cost in-network providers for their specific needs. Estimated savings for this program are assumed to be in the underlying claims experience. This program is assumed to impact Medicare Advantage Retirees beginning Plan Year 2022. No additional savings will be included for purposes of the rate setting projection.
- Wondr Health (formerly Naturally Slim): Effective 2021, the State implemented Wondr Health, an online weight loss program that uses informative videos and learning tools to teach participants how to lose weight and improve their overall health. Estimated savings for this program are assumed to be in the underlying claims experience. This program does not impact Medicare Retirees.
- eviCore: Effective January 1, 2021, the State implemented eviCore’s Advanced Imaging Solution, which delivers cost savings and improved patient outcomes by guiding members to receive the appropriate test or treatment using prior authorizations and medical necessity reviews. Estimated savings for this program are assumed to be reflected in the underlying claims experience. This program does not impact Medicare Retirees.
- Included Health (Formerly Grand Rounds): Effective April 1, 2021, the State implemented Grand Round’s Expert Medical Second Opinion Solution. The program provides guidance for members to access expert second opinions for health conditions and cases to ensure the right diagnosis and treatment plan while reducing unnecessary procedures and costs. No additional savings will be included for purposes of projecting costs. This program does not impact Medicare Retirees.

## Vendor Changes

Medical Vendors: Effective January 1, 2020, all self-insured medical plans are administered solely by Horizon. Aon assumes no change in the self-insured medical and fully-insured Medicare Advantage vendors in Plan Year 2023. Additionally, Aetna will administer the Garden State Health Plan, expected to be first offered on July 1, 2022. Effective January 1, 2023, the State negotiated a contract extension with Horizon through the end of Plan Year 2023. The negotiation resulted in a reduction in administrative fees for the remainder of the plan year beginning February 1, 2023.

Pharmacy Benefit Manager: Effective January 1, 2020, prescription drug benefits for Actives and Retirees are administered by Optum as a result of a 2019 Reverse Auction Bid Solicitation administered by Truveris, Inc. Optum is assumed to administer all of the prescription drug plans in Plan Year 2023.

## Federal Health Care Reform

In-Network Out-of-Pocket Maximum: Effective 1/1/2023, Federal Health Care Reform requires that in-network medical and prescription drug benefits have a combined out-of-pocket maximum no greater than \$9,100 single / \$18,200 family. This benefit change will not have a significant impact on projected costs. Aon did not include any specific additional administrative load for the Local Education Plans with private Rx cards, who may want to integrate the administration of their medical and prescription drug out-of-pocket limits. This will not affect any plan designs available to Local Education Actives and Early Retirees due to the implementation of Chapter 44

<b>Plan Year</b>	<b>Out-of-Pocket Maximum (Single/Family)</b>
2021	\$8,550 / \$17,100
2022	\$8,700 / \$17,400
2023	\$9,100 / \$18,200

Health Insurance Exchanges: The public health insurance exchanges that are mandated by Federal Health Care Reform (which began in 2014), and the State's marketplace effective for coverage in 2021 and later, are assumed to have minimal impact on enrollment or cost levels within the SEHBP due to the SEHBP's low employee contributions and rich benefit designs.

Full-Time Employee Definition: The Patient Protection and Affordable Care Act (Affordable Care Act) defines full-time employees as employees who work 30 or more hours per week. The

employer mandate, which is applicable to full-time employees, was essentially first effective 1/1/2015. This requirement is not projected to have a cost impact on the SEHBP because in general, the State offers coverage to all full-time employees.

ACA 9010: Section 9010 of the ACA imposed a Health Insurer Fee (HIF) on each covered entity engaged in the business of providing health insurance for United States health risks. The HIF will help fund the federal subsidies given to lower-income families that may not have coverage. On January 22, 2018, Congress passed a spending bill which placed a moratorium on this tax in Plan Year 2019. As of December 20, 2019, the HIF was in place for Plan Year 2020, however this has been repealed beginning Plan Year 2021.

Further Consolidated Appropriations Act, 2020: On December 20, 2019, the President signed an omnibus bill that included a repeal of the excise tax on high-cost employer-sponsored health coverage, the medical device excise tax, and the health insurance providers fee (also known as the health insurance tax). Although the excise tax has been twice delayed, it was scheduled to go into effect in 2022 and has since been eliminated. The medical device excise tax was scheduled to expire on December 31, 2019. The health insurance providers fee had a moratorium placed on it during 2019, will go back into effect in 2020, and will be eliminated permanently beginning in 2021.

Telehealth Expansion Act: Signed 12/21/2021, this bill extends for the next two years the requirement adopted at the outset of the COVID-19 pandemic that health benefits plans reimburse health care providers for telehealth and telemedicine services at the same rate as in-person services, with limited exceptions. The bill reimburses providers for all forms of healthcare, including behavioral health, delivered through telehealth at the same rate as in-person care, and it bans payers from placing restrictions on locations from where services are provided, and the technological platforms used. No additional cost impact is assumed since this program is already in place

No Surprises Act: Effective 1/1/2022, medical carriers must provide a reasonable estimate of the expected cost of a service before the service is carried out on a patient. This law is designed to regulate the frequency of surprise billings.

United States Preventive Services Task Force on ACA Preventive Service recommendations: Effective 3/1/2022, the recommended age for select preventive cancer screenings is being lowered. This may increase utilization of preventive care but is deemed to have no significant impact on cost in this analysis.

## New Jersey State Mandates

New Jersey Reproductive Freedom of Choice Act: Effective 1/13/2022, this law codifies the constitutional right to freedom of reproductive choice.

NJ COVID-19 Emergency Guidance: During the COVID-19 pandemic, the SEHBP is subject to emergency guidance elimination member cost sharing on COVID-19 testing as well as telemedicine services.

These New Jersey State mandates are not expected to materially impact the projected SEHBP Plan Costs and are not reflected in the projected Plan Year 2023 costs.

## Enrollment Changes

Exhibit 1A shows historical enrollment patterns among the SEHBP benefit offerings during Plan Years 2020 through 2022 and includes Aon's projection of Plan Year 2023 enrollment. The enrollment assumptions for Plan Years 2020 through 2022 are equal to monthly snapshot census data through December 2022 provided by the State. Projected Plan Year 2023 enrollment is equal to January 2023 open enrollment. The plan year 2023 open enrollment was adjusted based on known employer entrances and terminations as provided by the State and Horizon. Based on January 2023 open enrollment, Local Education Active enrollment will decrease by 1.2% in Plan Year 2023. Early Retiree enrollment is projected to decrease 2.8% in Plan Year 2023; and Medicare Retiree enrollment is projected to increase 0.9% in Plan Year 2023. Projected enrollment reflects local employers leaving the School Employees' Health Benefits Program in Plan Year 2023.

Exhibit 1B shows the projected distribution of enrollment among benefit options in Plan Year 2023. Approximately 51% of Local Education Actives are assumed to be enrolled in the new NJEHP plan and 32% are assumed to remain in the PPO10. Approximately 11% of Local Education Retirees are assumed to be enrolled in the new NJEHP plan, while 70% of the Local Education Retiree population is assumed to be enrolled in either the PPO10 or PPO15 plan.

Exhibit 1C shows the January 2023 enrollment distribution by benefit option and coverage tier.

## Section 3: Trend Analysis

Trend assumptions have been reviewed from the Plan Year 2023 Rate Setting Analysis based on experience data, expectations of future trends, Aon trend guidance and Horizon, and Optum trend rate recommendations. The following table shows the current trend assumptions:

	Plan Year 2022		Plan Year 2023	
	Medical	Prescription Drugs	Medical	Prescription Drugs
PPO Actives*	6.00%	7.75%	6.00%	7.75%
PPO Early Retirees	5.50%	8.00%	5.50%	8.00%
Self-Insured Medicare Retirees	5.50%	7.25%	5.50%	7.25%

\* Does not include anti-selection trend adjustments outlined below.

The Medicare Retiree medical trend assumptions do not apply to the fully insured Medicare Advantage plans as these premium rates are provided by Aetna.

Medical Trends: The recommended trends are based on SEHBP experience adjusted for expected future changes:

- PPO Actives: The recommended PPO medical trend for Actives is 6.0%, no change from the Plan Year 2023 Rate Setting Analysis.
- PPO Early Retirees: The recommended PPO medical trend for Early Retirees is 5.5%, no change from the Plan Year 2023 Rate Setting Analysis.
- Self-Insured Medicare Retirees (PPOs and HMOs): The self-insured Medicare Retiree medical trend is recommended to be 5.5% in Plan Year 2023, unchanged from the Plan Year 2023 Rate Setting Analysis.

Prescription Drug Trends: The prescription drug trend recommendation is 7.75% for Local Education Actives and 8.0% for Local Education Retirees for Plan Year 2023, which is consistent with the trend recommendation in the Plan Year 2023 Rate Setting Analysis. The Plan Year 2023 prescription drug trend recommendation for Medicare Retirees is 7.25%, which is an increase from 6.0% from the Plan Year 2023 Rate Setting Analysis. This increase is based on updated information provided by Optum as well as increases in the emerging Medicare Retiree Rx trends.

Additional Trend Adjustments: Based on expected entrants and terminations of Local Education Active Employers from the SEHBP, the Active medical and prescription drug trends have been increased by 25 basis points for Plan Year 2022 and 100 basis points for Plan Year 2023. This adjustment reflects anti-selection risk (employers with good experience are terminating or those with poor experience are entering which will affect the SEHBP's overall loss ratio). This anti-selection adjustment is not applicable for the fully-insured Medicare Advantage premiums.

Medicare Advantage: The Medicare Advantage rates in Plan Years 2022 and 2023 were provided by Aetna. Below is a table summarizing the fully insured Medicare Advantage per member per month rates for Plan Years 2022 and 2023. Aetna has projected that an \$11.04 PMPM gain-share premium credit may be available to reduce 2022 costs and the rates below reflect that reduction. Costs could be higher if the gain share does not apply.

### **Aetna Monthly Per Member Medicare Advantage Premium Rates**

Local Education	Aetna Medicare Advantage Rates		
	2022	2023	\$ Change
<b>PPO 10</b>	\$ 133.38	\$ 114.44	\$ (18.94)
<b>PPO 15</b>	\$ 113.66	\$ 94.72	\$ (18.94)
<b>HMO 10</b>	\$ 160.90	\$ 141.96	\$ (18.94)
<b>HMO 1525</b>	\$ 125.47	\$ 106.53	\$ (18.94)

## Section 4: Financial Projections

### Aggregate Financial Projections

Using the key assumptions shown in Exhibit 3 and the methodology described in Section 5 (Cost Projection Methodology), the updated estimated costs for Plan Years 2021, 2022 and 2023 are shown below. These updated projections assume that premiums are fully funded for all years:

SEHBP Projected Financial Results  
(in \$ millions)

	NJEHP / GSHP*	PPO 10	PPO 15	Legacy HMOs	New Plans**	Total
<b>Plan Year 2021</b>						
Premium Rates x Enrollment	\$763.7	\$950.3	\$320.6	\$27.8	\$124.2	\$2,186.6
Incurred Claims	\$705.9	\$998.3	\$337.6	\$27.8	\$107.8	\$2,177.4
Administrative Charges	\$20.4	\$25.0	\$8.3	\$0.8	\$7.6	\$62.1
Net Gain (Loss)	\$37.4	(\$73.0)	(\$25.3)	(\$0.8)	\$8.8	(\$52.9)
<b>Plan Year 2022</b>						
Premium Rates x Enrollment	\$831.9	\$921.2	\$288.7	\$28.3	\$124.1	\$2,194.2
Incurred Claims	\$844.2	\$1,078.4	\$352.6	\$29.1	\$124.9	\$2,429.2
Administrative Charges	\$27.9	\$29.1	\$9.4	\$0.9	\$7.6	\$74.9
Net Gain (Loss)	(\$40.2)	(\$186.3)	(\$73.3)	(\$1.7)	(\$8.4)	(\$309.9)
<b>Plan Year 2023</b>						
Premium Rates x Enrollment	\$1,113.5	\$974.6	\$292.9	\$27.1	\$130.8	\$2,538.9
Incurred Claims	\$982.2	\$1,019.5	\$306.1	\$26.8	\$128.9	\$2,463.5
Administrative Charges	\$27.9	\$26.4	\$7.3	\$0.9	\$8.7	\$71.2
Net Gain (Loss)	\$103.4	(\$71.3)	(\$20.5)	(\$0.6)	(\$6.8)	\$4.2

\*GSHP is included beginning in Plan Year 2022

\*\*In Plan Year 2021 and 2022, this includes only certain self-insured.

Note: Totals may not add due to rounding.

Updated Plan Year 2021 cost decreased by \$12.3 million from the Plan Year 2023 Rate Setting Analysis. Plan Year 2022 cost has increased approximately \$74.1 million from the projected cost shown in the 2023 Rate Setting Analysis. This increase in actual cost vs. premium rates leads to a larger projected loss for Plan Year 2022 of \$309.9 million.

The Plan Year 2023 Active and Retiree total premiums are projected to increase by 0.8% with updated enrollment projections from those shown in the Plan Year 2023 Rate Setting Analysis while total plan costs reflecting updated claims experience are projected to be 0.6% higher. The combined overall projected net gain for Plan Year 2023 is \$4.2 million.

The updated financial results have produced a total projected claim stabilization reserve at December 31, 2023 equivalent to 2.0 months of plan costs. This is at the recommended level of 2.0 months of plan costs.

More detailed aggregate projections are provided in Exhibit 3.

## Financial Gain /(Loss)

### Plan Year 2021

The total projected cost decreased approximately 0.5% from the Plan Year 2023 Rate Setting Analysis. For actives, the projected cost decreased 0.8% from the Plan Year 2023 Rate Setting Analysis, primarily a result of additional Plan Year 2021 claims runout through September 2022. Projected retiree costs decreased 0.2% from the Plan Year 2023 Rate Setting Analysis.

### Plan Year 2022

Projected active costs increased 3.8% from the Plan Year 2023 Rate Setting Analysis. This increase in plan cost is primarily a result of the following:

- Total active cost increased 4.6% due to updated medical and prescription drug claims experience through September 2022.
  - Aggregate medical claims increased 3.3% compared to the Plan Year 2023 Rate Setting analysis. This increase is driven by a 3.7% increase in average medical membership, offset by a 0.3% decrease in the projected medical claims PMPM.
  - Rolling 12-month medical claims experience through September 2022 shows a 5.8% increase in PMPM claims. These medical trends are lower than the 6.25% estimated in the 2023 Rate Setting Analysis.
    - Horizon reporting with Rolling 12-month incurred claims through September 2022 shows the medical claims trend is driven by a 9% increase in outpatient services and a 3% increase in professional services.
    - Outpatient cost per visit have increased 31%, primarily in ambulatory outpatient services.
    - This increase in trend is offset by a 5% decrease in inpatient services.
  - Aggregate prescription drug claims are projected to be 11.4% higher compared to the Plan Year 2023 Rate Setting Analysis. This increase is driven by a 5.2% increase in the average prescription drug membership and a 5.9% increase in the average prescription drug claims PMPM.
  - Rolling 12-month prescription drug experience through September 2022 show a 12.3% PMPM claims trend, which is higher than expected 8.0% trend assumption reflected in the Plan Year 2023 Rate Setting Analysis.
    - Optum reporting shows a utilization trend of 5.4%, higher than the Optum benchmark of 0.3% utilization trend. Cost trend of 3.8% is also higher than the 3.5% Optum benchmark.



- Optum reporting shows a 25% PMPM trend in Inflammatory Conditions and a 13% PMPM trend in Diabetes.
- Based on updated reporting from Optum, an increase in prescription drug rebates is projected to reduce total active cost by 0.8%.

Retiree cost is projected to increase 2.0% from the Plan Year 2023 Rate Setting Analysis.

- Updated medical claims experience through September 2022 resulted in a 0.9% decrease in total retiree cost.
  - Aggregate medical claims experience is 1.5% lower compared to the Plan Year 2023 Rate Setting analysis. This is a result of a 2.3% decrease in the projected PMPM medical and MA premium costs offset by 0.8% increase in average medical membership.
  - Rolling 12-month medical claims experience through September 2022 shows a 1.0% decrease in Early Retiree PMPM claims.
    - Horizon reporting with Rolling 12-month incurred claims through September 2022 shows SEHBP Early Retiree claims trend is driven by a 17% decrease in cost due to inpatient services, offset by a 3% increase in cost on outpatient services.
    - Inpatient visits have decreased 12% and cost per inpatient visit has decreased 6%.
- Updated Retiree prescription drug experience through September 2022 increased total retiree plan costs by approximately 4.7%.
  - Aggregate projected prescription drug claims increased 4.9% compared to the Plan Year 2023 Rate Setting analysis. This is driven by a 4.0% increase in the projected PMPM prescription drug claims and a 0.8% increase in prescription drug membership.
  - Rolling 12-month Early Retiree and Medicare Retiree prescription drug experience through September 2022 show an 11.6% and 8.7% trend, respectively, higher than the trend assumed in the Plan Year 2023 Rate Setting Analysis.
    - Optum reporting shows utilization and cost contributed 10% towards overall trend, higher than Optum's benchmark of 4%.
    - YTD September 2022 reporting from Optum shows a 36% PMPM trend in inflammatory conditions and a 16% PMPM trend in diabetes.
- There is a 0.1% reduction in total retiree cost due to differences between actual and expected administrative fees, investment income, and education surcharge.

- Based on updated information from Optum, increases in retiree prescription drug rebates is projected to decrease projected retiree costs by approximately 1.7%.

### **Plan Year 2023**

For Plan Year 2023, active medical and prescription drug costs are projected to increase 1.1% compared to the results shown in the Plan Year 2023 Rate Setting Analysis.

- Total active medical and prescription drug cost is expected to increase 1.2% due to updated medical and prescription drug claims experience.
- Aggregate medical and prescription drug costs are estimated to increase 0.4% from the results shown in the Plan Year 2023 Rate Setting Analysis due to an overall increase in Local Education Active enrollment.
- Based on updated reporting from Optum, active prescription drug rebates are projected to increase, resulting in a 1.0% decrease in total active cost.
- There is a 0.3% reduction in total projected active cost due to updated administrative fees as a result of reduced Horizon administrative fees effective February 1, 2023, and updated investment income.
- There is a 0.8% increase in total projected active cost due to the increase in the 2023 anti-selection load.

For Retirees, there is approximately no change in total retiree costs from what was projected in the Plan Year 2023 Rate Setting Analysis.

- Total retiree costs are projected to increase 4.7% due to updated medical and prescription drug experience and enrollment.
- There was a 0.8% increase to total retiree costs due to updated Medicare Retiree prescription drug trend assumptions.
- There is a 0.1% reduction in total cost due to changes in education surcharge, offset by a 0.1% increase due to changes in administrative fees.
- Based on updated information provided by Optum, increases in expected 2022 prescription drug rebates and EGWP credits is projected to result in a 5.5% reduction in total retiree costs.

## Self-Insured Vendor Administrative Fees and Claim Charges

The sections below show Plan Year 2023 administrative fees and other claim charges, as applicable, separately by each of the medical and prescription drug vendors. The fees are reported by the vendors in different categories and may appear aggregated within different rows in Exhibit 3, including incurred medical and prescription drug claims, capitation, and administrative fees. Effective January 1, 2023, the State negotiated a contract extension with Horizon through the end of Plan Year 2023. The negotiation resulted in a reduction in administrative fees for the remainder of the plan year beginning February 1, 2023.

### Horizon Medical PEPM Fees/Charges

	PEPM Fees 1/1/23 - 1/31/23		
	PPO	HMO	HDHP
<b>Actives and Early Retirees</b>			
Part 1 Services	\$23.52	N/A	N/A
Part 2 Services	\$9.45	N/A	N/A
Medical Management	\$1.16	N/A	N/A
Disease Management	\$0.42	N/A	N/A
HSA Banking Fee (Per Account Per Month)	N/A	N/A	N/A
NJWELL*	\$19.95	N/A	N/A
<b>Medicare Retirees</b>			
Part 1 Services	\$24.15	\$24.15	N/A
Part 2 Services	\$7.88	\$7.88	N/A

	PEPM Fees 2/1/23 - 12/31/23		
	PPO	HMO	HDHP
<b>Actives and Early Retirees</b>			
Part 1 Services	\$23.42	N/A	N/A
Part 2 Services	\$4.25	N/A	N/A
Medical Management	\$1.16	N/A	N/A
Disease Management	\$0.42	N/A	N/A
HSA Banking Fee (Per Account Per Month)	N/A	N/A	N/A
NJWELL*	\$19.95	N/A	N/A
<b>Medicare Retirees</b>			
Part 1 Services	\$24.05	\$24.05	N/A
Part 2 Services	\$3.58	\$3.58	N/A

\* Plan Year 2023 Fees are per attributed NJWELL employee and paid on a Per Enrolled Per Month basis. An attributed member is defined as an employee that is engaged in the wellness platform through completion of one or more of the point-achieving activities including, but not limited to, Health Assessment, Biometric Screening, Flu Shots, Telemedicine Wellness/Disease Management Coaching, Online Activities, etc. The NJWELL program includes access to WebMD wellness resources, custom rewards lobby, online tracking tools, monthly webinars and a comprehensive Health Management portal to track all activities.

Other fees/claim charges that may be included within the incurred medical and prescription drug claims, capitation and administrative fees within Exhibit 3 include but are not limited to:

- NJWELL and Retiree Wellness Program fees (physician attestation forms, gift cards, etc.)
- DPCMH and PCMH administrative fees and capitation amounts
- Claim recovery services

**Garden State Health Plan:** Administrative fees charged by Aetna for the Garden for Plan Year 2023 are \$35.45 PEPM for Active and Early Retirees.

**Prescription Drug Fees:** Administrative fees charged by Optum for the prescription drug program for Plan Year 2023 are \$5.20 PEPM for Commercial and \$8.00 PMPM for EGWP.

## Section 5: Cost Projection Methodology

Exhibit 3 shows the aggregate projected costs and premiums for Plan Years 2021, 2022, and 2023, separately for each benefit plan and vendor. Costs were projected separately for Active Employees, early Retirees, and Medicare Retirees; and for medical claims, prescription drug claims, administrative costs, and premiums.

### Medical and Prescription Drug Claim Projections

1. Using 12 months of claims data paid through September 2022 provided by Horizon, Aetna, and Optum, Aon estimated completed incurred claims through Plan Year 2022, separately for each benefit plan, for medical versus prescription drugs, and for Actives, Early Retirees, and Medicare Retirees.
2. Capitation and other similar fixed claim charges were added to the incurred claims to arrive at projected incurred claims.
3. Estimated incurred claims in Plan Year 2022 were divided by average covered members to get average claims per member per year. Covered members were based on historical monthly census file data by coverage tier provided by the State and adjusted with assumptions for the number of members per coverage tier.
  - a. Aon's current guidance is to project medical claims using 2021 claims data normalized for the impacts of COVID-19. Estimated 2021 incurred claims used for projecting 2022 and 2023 are adjusted using a blend of actual vs. expected claims experience, Aon National COVID-19 medical claim factors, and Aon North East Regional COVID-19 medical claims factors. No adjustment was made to the 2022 claims used in the projection.
4. Claims per member were projected from the mid-point of the experience period to the mid-point of Plan Year 2023 using the annual trend rates listed in the Trend Analysis section of this document.
5. Aggregate claims for Plan Year 2023 are the product of projected enrollment and the projected claims per member.
6. Plan Year 2023 projected Medicare Advantage fully insured premiums are based on rates provided by Aetna.

7. Prescription drug rebates for Plan Year 2021 are based on actual rebate payment data received from the State. Projected rebates for Plan Year 2022 are based on actual and projected rebate data provided by Optum. Projected rebates for Plan Year 2023 are based on projected data provided by Optum.
8. Prescription drug rebates paid through the medical plan for Plan Year 2021 are based on actual rebate payment data provided by Aetna and Horizon. Prescription Drug Rebates estimated to be paid through the medical plan for Plan Years 2022 and 2023 are incorporated in the medical claim projections and are based on the actual Plan Year 2021 data provided by Aetna and Horizon.
9. EGWP projections include monthly CMS capitation payments per Medicare-eligible Retiree for prescription drug coverage, prescription drug manufacturers' coverage gap reimbursement payments, an annual CMS payment for reinsurance on catastrophic claims, and CMS Low Income Cost Sharing (LICS) payments. These amounts are equal to recommendations from Optum for Plan Years 2021, 2022, and 2023.
  - a. CMS per capita payments: Plan Years 2021, 2022, and 2023 actual and expected CMS per capita payments were provided by Optum. The Plan Year 2023 CMS per capita payment is assumed to be a reduction of -\$4.48 Per Member Per Month (PMPM).
  - b. Coverage Gap Discount: Plan Years 2021, 2022, and 2023 actual and expected coverage gap payments were provided by Optum. The Plan Year 2023 credits are assumed to be \$89.55 PMPM.
  - c. Catastrophic Reinsurance: This payment has a very long lag, and the Plan Year 2021 credit is not expected to be fully paid until the beginning of Plan Year 2023. Plan Years 2021, 2022, and 2023 expected catastrophic reinsurance payments were provided by Optum. The Plan Year 2023 credits are assumed to be \$109.06 PMPM.
  - d. Low Income Cost Sharing (LICS): Plan Years 2021 and 2022 actual and expected LICS payments were provided by Optum. For Plan Year 2023, the subsidy payment is assumed to be \$1.00 PMPM.
10. The Plan Year 2023 projected Education Surcharge is approximately \$42.6 million, and this is used as a credit against projected Early Retiree costs.
11. Total SEHBP projected Plan Year 2023 claim costs are the sum of projected medical and prescription drug claims, capitation charges, payments from CMS related to EGWP Plus Wrap, and prescription drug rebates.

## Administrative Cost Projection

The administrative cost projection includes administrative charges, as well as some miscellaneous cost items:

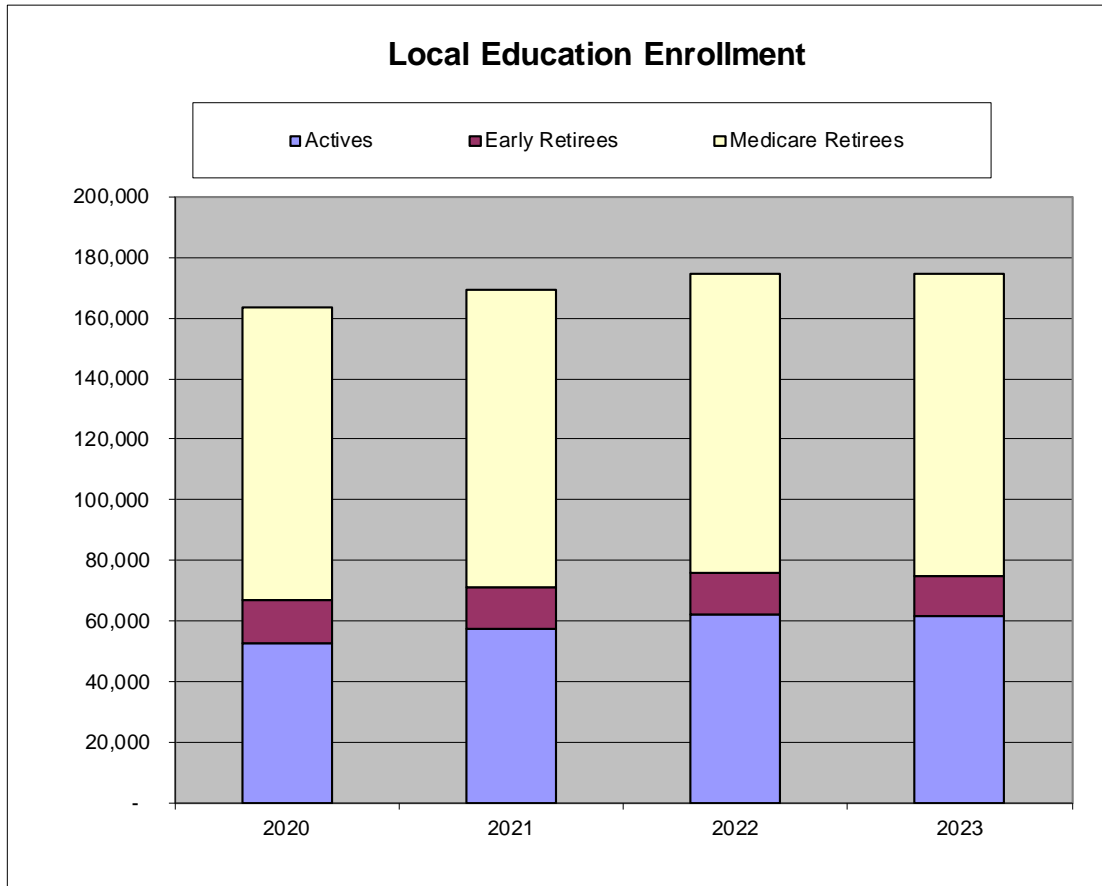
1. Base administrative fees per subscriber per month or per member per month are multiplied by the projected average enrollment for the applicable projection Plan Year. Plan Year 2023 administrative fees per employee per month and per member per month were provided by Horizon, Aetna and Optum.
2. Overhead charges, which are internal State of New Jersey administrative costs charged against the plans, are projected at \$6.3 million for Plan Year 2023.
3. Other fees and claim charges reported by the vendors have been reflected in the projections
4. Projected investment income of \$0.6 million was used to reduce projected administrative costs for Plan Year 2023.
5. Based on participation in NJWELL, employers are eligible for a 1% discount on their premium rates in the following plan year. Plan Year 2021 participation showed 7 Local Education employers (a total of 336 Employees) were eligible for this discount. The Plan Year 2022 costs have been adjusted to reflect the total number of Employees who will receive the 1% premium discount in Plan Year 2022. 1% of employers are expected to be eligible for this discount in Plan Year 2023.

## Projected Gains/Losses

For each year, the projected gain or loss is equal to projected aggregate premiums (projected premium rates times projected enrollment) minus projected total aggregate costs.

## Section 6: Exhibits

### SEHBP Plan Year 2022 Mid-Year Experience Analysis Exhibit 1A – Enrollment Projections



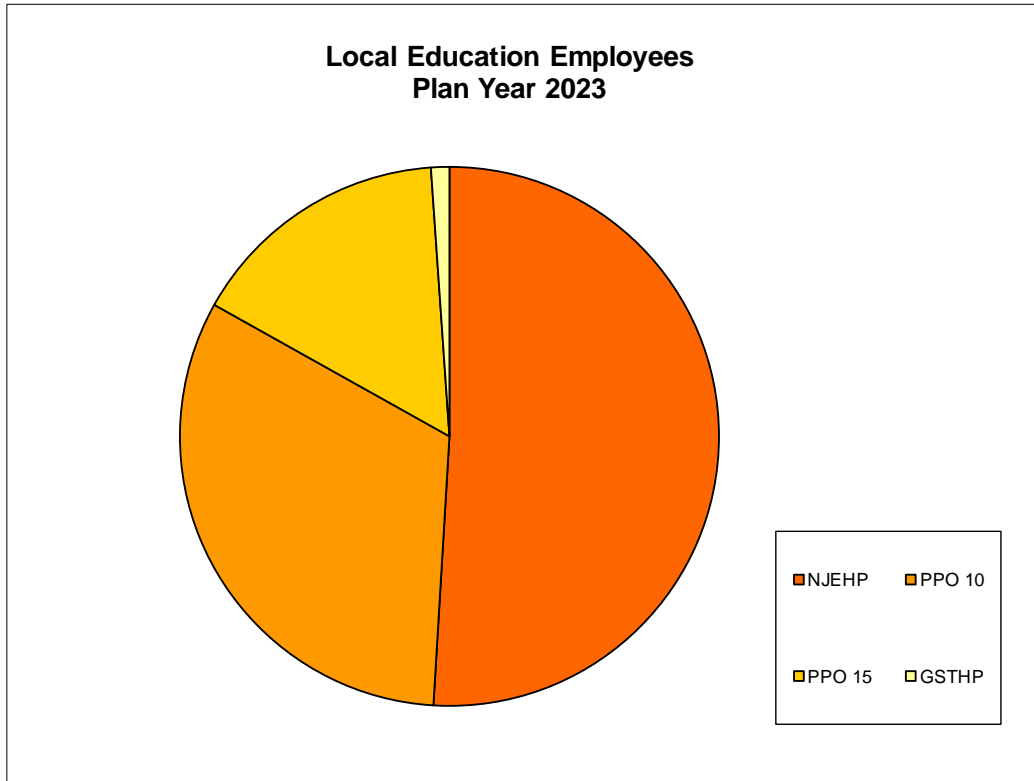
Annual Change in Enrollment

	<u>Actual</u> <u>2020 to 2021</u>	<u>Actual</u> <u>2021 to 2022</u>	<u>Actual*</u> <u>2022 to 2023</u>
Actives	9.1%	8.3%	(1.2%)
Early Retirees	(3.1%)	(1.8%)	(2.8%)
Medicare Retirees	1.5%	1.1%	0.9%

\*Actual 2023 enrollment for Active Employees and Retirees is based on open enrollment results and is adjusted for known employer entrants and terminations provided by Horizon and the State.



**SEHBP Plan Year 2022 Mid-Year Experience Analysis**  
**Exhibit 1B – Active Employee Enrollment Distribution**

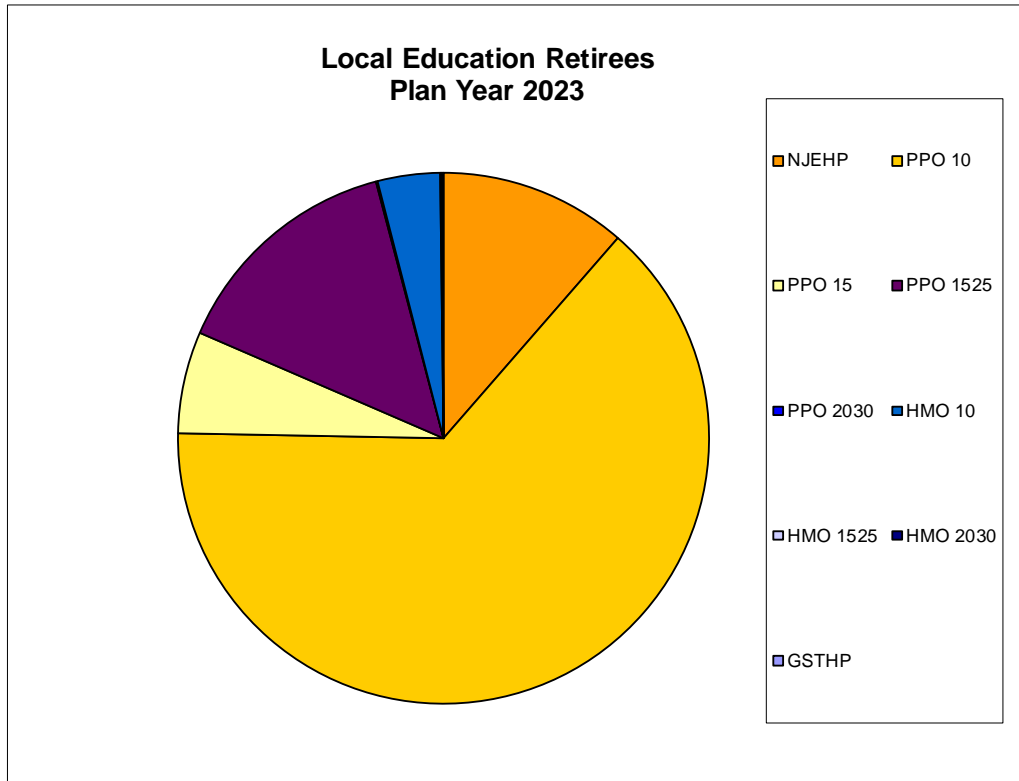


Assumes approximately 51% of Employees enroll in the NJEHP and 1% enroll in the Garden State Health Plan.

Assumes approximately 32% of Employees will remain in the \$10 copay plan.

Actives	Aetna	Horizon	Total
NJEHP	0.0%	50.9%	50.9%
PPO 10	0.0%	32.2%	32.2%
PPO 15	0.0%	15.8%	15.8%
GSHP	1.1%	0.0%	1.1%
<b>Total</b>	<b>1.1%</b>	<b>98.9%</b>	<b>100.0%</b>

**SEHBP Plan Year 2022 Mid-Year Experience Analysis  
Exhibit 1B (Cont'd) – Retiree Enrollment Distribution**



Assumes approximately 68% of Retirees will remain in the \$10 copay plans.

Assumes approximately 11% of Retirees enroll in the NJEHP and less than 1% of Retirees enroll in the Garden State Health Plan.

Assumes approximately 74% of Retirees will enroll in the PPO 10, PPO 15, and HMO 10 plans.

Retirees	Horizon	Aetna	Total
NJEHP	11.4%	0.0%	11.4%
PPO 10	0.0%	63.9%	63.9%
PPO 15	0.0%	6.2%	6.2%
PPO 1525	14.4%	0.0%	14.4%
PPO 2030	0.1%	0.0%	0.1%
HMO 10	0.2%	3.6%	3.8%
HMO 1525	0.1%	0.0%	0.1%
HMO 2030	0.0%	0.0%	0.0%
GSHP	0.0%	0.1%	0.1%
<b>Total</b>	<b>26.2%</b>	<b>73.8%</b>	<b>100.0%</b>

\*Some plans may show 0.0% enrollment. These plans may include low enrollment

**SEHBP Plan Year 2022 Mid-Year Experience Analysis**  
**Exhibit 1C – Active Employee Enrollment Distribution**

	<b>Number of Contracts as of January 2023</b>				
	Single	Employee + Spouse	Family	Employee + Child(ren)	Total
<b>Medical Plans</b>	<b>EDUCATION - ACTIVE &amp; COBRA</b>				
NJEHP	12,129	3,710	12,130	3,424	31,393
NJ DIRECT10	5,833	3,672	8,243	2,067	19,815
NJ DIRECT15	2,907	1,758	4,128	926	9,720
GSHP	378	69	164	62	673
<b>Total</b>	<b>21,247</b>	<b>9,209</b>	<b>24,665</b>	<b>6,479</b>	<b>61,601</b>

\* January 2023 enrollment data is based on open enrollment results and adjusted for known employer entrants and terminations provided by the State and Horizon. January 2023 tier ratios are based on open enrollment results provided by the State.

**SEHBP Plan Year 2022 Mid-Year Experience Analysis  
Exhibit 1C (Cont'd) – Retiree Enrollment Distribution**

	<b>Number of Contracts as of January 2023</b>				
	Single	Employee + Spouse	Family	Employee + Child(ren)	Total
<b>EDUCATION RETIREES</b>					
<b>Medical Plans</b>					
NJEHP	4,017	4,741	3,244	909	12,912
NJ DIRECT1525	9,298	6,586	259	119	16,263
NJ DIRECT2030	79	37	3	3	122
Horizon Legacy HMO (10)	104	63	11	2	180
Horizon 1525 HMO	43	26	1	1	71
Horizon 2030 HMO	4	3	0	0	7
<b>Horizon Total</b>	<b>13,545</b>	<b>11,457</b>	<b>3,518</b>	<b>1,035</b>	<b>29,555</b>
MA PPO 10	40,887	29,144	1,510	695	72,235
MA PPO 15	4,307	2,464	121	71	6,962
MA HMO (10)	2,485	1,474	57	37	4,053
MA 1525 HMO	27	8	0	1	36
GSHP	38	31	19	10	98
<b>Aetna Total</b>	<b>47,743</b>	<b>33,121</b>	<b>1,707</b>	<b>814</b>	<b>83,384</b>
<b>Total</b>	<b>61,288</b>	<b>44,577</b>	<b>5,225</b>	<b>1,849</b>	<b>112,939</b>

\* January 2023 enrollment data is based on open enrollment results and adjusted for known employer entrants and terminations provided by Horizon and the State. January 2023 tier ratios are estimated using historical 2022 tier distributions.

**SEHBP Plan Year 2022 Mid-Year Analysis**  
**Exhibit 2A – Medical Trend**

The chart below shows the rolling 12-month medical claims experience trends for the Active and Early Retiree populations. The exhibit reflects estimated completed incurred claims through September 30, 2022. Column (A) shows the overall Per Member Per Month (PMPM) claims increase. Column (B) shows the estimated impact of plan design and vendor changes that occurred during the claim periods. These impacts are listed below in the "Normalizing Adjustments" section. Column (C) shows the estimated gross trend attributable to claims experience and capitation which is based on the overall PMPM increase grossed up for the plan changes.

	(A) Increase in Claims	(B) Plan Changes	(C) = (A) - (B) Claim Trend
<b>PPO Active</b>			
12 Months through 09/2021 vs 09/2020	6.3%	(13.0%)	19.3%
12 Months through 09/2022 vs 09/2021	5.8%	(0.8%)	6.6%
<b>PPO Early Retiree</b>			
12 Months through 09/2021 vs 09/2020	1.1%	(10.8%)	11.9%
12 Months through 09/2022 vs 09/2021	(1.0%)	(1.0%)	(0.0%)

Normalizing Adjustments

- 1/1/2020: Hospital Discount
- 1/1/2020: DEVA Audit Results
- 1/1/2020: Medicare Eligibility Vendor
- 3/1/2020: Fair Health National
- 8/1/2020: Physical Therapy / Chiropractic Changes
- 1/1/2021: EviCore
- 1/1/2021: HMS

**SEHBP Plan Year 2022 Mid-Year Analysis**  
**Exhibit 2B – Prescription Drug Trend**

The chart below shows the rolling 12-month prescription drug claims experience trends for the Active, Early Retiree, and EGWP Retiree populations. The exhibit reflects estimated completed incurred claims through September 30, 2022. Column (A) shows the overall Per Member Per Month (PMPM) claims increase. Column (B) shows the estimated impact of plan design and vendor changes that occurred during the claim periods. These impacts are listed below in the "Normalizing Adjustments" section. Column (C) shows the estimated gross trend attributable to claims experience and capitation which is based on the overall PMPM increase grossed up for the plan changes.

	(A) Increase in Claims	(B) Plan Changes	(C) = (A) - (B) Claim Trend
<b>Active Rx</b>			
12 Months through 09/2021 vs 09/2020	4.9%	(0.3%)	5.2%
12 Months through 09/2022 vs 09/2021	12.3%	0.0%	12.3%
<b>Early Retiree Rx</b>			
12 Months through 09/2021 vs 09/2020	4.2%	(0.4%)	4.6%
12 Months through 09/2022 vs 09/2021	11.6%	0.0%	11.6%
<b>EGWP Retiree Rx</b>			
12 Months through 09/2021 vs 09/2020	3.5%	(0.6%)	4.1%
12 Months through 09/2022 vs 09/2021	8.7%	0.0%	8.7%

Normalizing Adjustments:

1/1/2020: Rx RFP Results

1/1/2020: DEVA Audit Results

**SEHBP Plan Year 2022 Mid-Year Experience Analysis**  
**Exhibit 3A – Plan Year 2021 Aggregate Costs, page 1 of 2**

	Total	NJEHP	Legacy Plans					
			Aetna Freedom 10	Aetna Freedom 15	NJ DIRECT10	NJ DIRECT15	Aetna HMO	Horizon HMO
<b>Employees and Retirees</b>								
Average Medical Members	315,091	85,913	99,009	9,509	59,552	32,261	5,962	236
Incurred Medical Claims	\$1,642,142,000	\$613,328,000	\$149,475,000	\$12,106,000	\$543,244,000	\$262,372,000	\$10,821,000	\$441,000
Capitation	\$50,330,000	\$24,288,000	\$0	\$0	\$16,743,000	\$8,943,000	\$0	\$13,000
Incurred Prescription Drug Claims	\$1,085,937,000	\$147,007,000	\$567,360,000	\$53,920,000	\$93,810,000	\$47,166,000	\$37,772,000	\$1,051,000
Prescription Drug Rebates	(\$265,813,000)	(\$43,930,000)	(\$128,038,000)	(\$12,168,000)	(\$27,819,000)	(\$13,987,000)	(\$8,524,000)	(\$237,000)
EGWP Credits	(\$300,345,000)	\$0	(\$216,484,000)	(\$20,791,000)	\$0	\$0	(\$13,035,000)	(\$515,000)
Education Surcharge	(\$34,800,000)	(\$34,800,000)	\$0	\$0	\$0	\$0	\$0	\$0
Administrative Fees	\$62,067,000	\$20,406,000	\$11,874,000	\$1,151,000	\$13,123,000	\$7,171,000	\$719,000	\$67,000
Total Cost	\$2,239,518,000	\$726,299,000	\$384,187,000	\$34,218,000	\$639,101,000	\$311,665,000	\$27,753,000	\$820,000
Total Premium	\$2,186,606,000	\$763,659,000	\$402,622,000	\$36,418,000	\$547,663,000	\$284,168,000	\$26,271,000	\$1,544,000
Gain (Loss)	(\$52,912,000)	\$37,360,000	\$18,435,000	\$2,200,000	(\$91,438,000)	(\$27,497,000)	(\$1,482,000)	\$724,000
<b>Employees</b>								
Average Medical Members	144,807	52,994	N/A	N/A	59,552	32,261	N/A	N/A
Incurred Medical Claims	\$1,107,578,000	\$301,962,000	N/A	N/A	\$543,244,000	\$262,372,000	N/A	N/A
Capitation	\$40,410,000	\$14,724,000	N/A	N/A	\$16,743,000	\$8,943,000	N/A	N/A
Incurred Prescription Drug Claims	\$185,987,000	\$45,011,000	N/A	N/A	\$93,810,000	\$47,166,000	N/A	N/A
Prescription Drug Rebates	(\$55,154,000)	(\$13,348,000)	N/A	N/A	(\$27,819,000)	(\$13,987,000)	N/A	N/A
EGWP Credits	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Education Surcharge	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative Fees	\$32,859,000	\$12,565,000	N/A	N/A	\$13,123,000	\$7,171,000	N/A	N/A
Total Cost	\$1,311,680,000	\$360,914,000	N/A	N/A	\$639,101,000	\$311,665,000	N/A	N/A
Total Premium	\$1,264,083,000	\$432,252,000	N/A	N/A	\$547,663,000	\$284,168,000	N/A	N/A
Gain (Loss)	(\$47,597,000)	\$71,338,000	N/A	N/A	(\$91,438,000)	(\$27,497,000)	N/A	N/A
<b>Early Retirees</b>								
Average Medical Members	32,919	32,919	N/A	N/A	N/A	N/A	N/A	N/A
Incurred Medical Claims	\$311,366,000	\$311,366,000	N/A	N/A	N/A	N/A	N/A	N/A
Capitation	\$9,564,000	\$9,564,000	N/A	N/A	N/A	N/A	N/A	N/A
Incurred Prescription Drug Claims	\$101,996,000	\$101,996,000	N/A	N/A	N/A	N/A	N/A	N/A
Prescription Drug Rebates	(\$30,582,000)	(\$30,582,000)	N/A	N/A	N/A	N/A	N/A	N/A
EGWP Credits	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Education Surcharge	(\$34,800,000)	(\$34,800,000)	N/A	N/A	N/A	N/A	N/A	N/A
Administrative Fees	\$7,841,000	\$7,841,000	N/A	N/A	N/A	N/A	N/A	N/A
Total Cost	\$365,385,000	\$365,385,000	N/A	N/A	N/A	N/A	N/A	N/A
Total Premium	\$331,407,000	\$331,407,000	N/A	N/A	N/A	N/A	N/A	N/A
Gain (Loss)	(\$33,978,000)	(\$33,978,000)	N/A	N/A	N/A	N/A	N/A	N/A
<b>Medicare Retirees</b>								
Average Medical Members	137,365	N/A	99,009	9,509	N/A	N/A	5,962	236
Incurred Medical Claims	\$223,198,000	N/A	\$149,475,000	\$12,106,000	N/A	N/A	\$10,821,000	\$441,000
Capitation	\$356,000	N/A	\$0	\$0	N/A	N/A	\$0	\$13,000
Incurred Prescription Drug Claims	\$797,954,000	N/A	\$567,360,000	\$53,920,000	N/A	N/A	\$37,772,000	\$1,051,000
Prescription Drug Rebates	(\$180,077,000)	N/A	(\$128,038,000)	(\$12,168,000)	N/A	N/A	(\$8,524,000)	(\$237,000)
EGWP Credits	(\$300,345,000)	N/A	(\$216,484,000)	(\$20,791,000)	N/A	N/A	(\$13,035,000)	(\$515,000)
Education Surcharge	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative Fees	\$21,367,000	N/A	\$11,874,000	\$1,151,000	N/A	N/A	\$719,000	\$67,000
Total Cost	\$562,453,000	N/A	\$384,187,000	\$34,218,000	N/A	N/A	\$27,753,000	\$820,000
Total Premium	\$591,116,000	N/A	\$402,622,000	\$36,418,000	N/A	N/A	\$26,271,000	\$1,544,000
Gain (Loss)	\$28,663,000	N/A	\$18,435,000	\$2,200,000	N/A	N/A	(\$1,482,000)	\$724,000

Some plans may show \$0 in certain cost categories. These plans may have costs which are under \$500 and are rounded to \$0. The Incurred Medical Claims cost category reflects the Medicare Advantage plan premiums for the Fully Insured Medicare Retiree medical plan options.

**SEHBP Plan Year 2022 Mid-Year Experience Analysis**  
**Exhibit 3A – Plan Year 2021 Aggregate Costs, page 2 of 2**

	1525			2030	
	NJ DIRECT	Aetna HMO	Horizon HMO	NJ DIRECT	Horizon HMO
<b>Employees and Retirees</b>					
Average Medical Members	22,381	41	74	140	13
Incurred Medical Claims	\$49,783,000	\$57,000	\$197,000	\$291,000	\$27,000
Capitation	\$339,000	\$0	\$1,000	\$2,000	\$1,000
Incurred Prescription Drug Claims	\$136,463,000	\$150,000	\$589,000	\$598,000	\$51,000
Prescription Drug Rebates	(\$30,796,000)	(\$34,000)	(\$133,000)	(\$135,000)	(\$12,000)
EGWP Credits	(\$48,936,000)	(\$89,000)	(\$161,000)	(\$306,000)	(\$28,000)
Education Surcharge	\$0	\$0	\$0	\$0	\$0
Administrative Fees	\$7,475,000	\$5,000	\$21,000	\$51,000	\$4,000
Total Cost	\$114,328,000	\$89,000	\$514,000	\$501,000	\$43,000
Total Premium	\$122,853,000	\$162,000	\$428,000	\$746,000	\$72,000
Gain (Loss)	\$8,525,000	\$73,000	(\$86,000)	\$245,000	\$29,000
<b>Employees</b>					
Average Medical Members	N/A	N/A	N/A	N/A	N/A
Incurred Medical Claims	N/A	N/A	N/A	N/A	N/A
Capitation	N/A	N/A	N/A	N/A	N/A
Incurred Prescription Drug Claims	N/A	N/A	N/A	N/A	N/A
Prescription Drug Rebates	N/A	N/A	N/A	N/A	N/A
EGWP Credits	N/A	N/A	N/A	N/A	N/A
Education Surcharge	N/A	N/A	N/A	N/A	N/A
Administrative Fees	N/A	N/A	N/A	N/A	N/A
Total Cost	N/A	N/A	N/A	N/A	N/A
Total Premium	N/A	N/A	N/A	N/A	N/A
Gain (Loss)	N/A	N/A	N/A	N/A	N/A
<b>Early Retirees</b>					
Average Medical Members	N/A	N/A	N/A	N/A	N/A
Incurred Medical Claims	N/A	N/A	N/A	N/A	N/A
Capitation	N/A	N/A	N/A	N/A	N/A
Incurred Prescription Drug Claims	N/A	N/A	N/A	N/A	N/A
Prescription Drug Rebates	N/A	N/A	N/A	N/A	N/A
EGWP Credits	N/A	N/A	N/A	N/A	N/A
Education Surcharge	N/A	N/A	N/A	N/A	N/A
Administrative Fees	N/A	N/A	N/A	N/A	N/A
Total Cost	N/A	N/A	N/A	N/A	N/A
Total Premium	N/A	N/A	N/A	N/A	N/A
Gain (Loss)	N/A	N/A	N/A	N/A	N/A
<b>Medicare Retirees</b>					
Average Medical Members	22,381	41	74	140	13
Incurred Medical Claims	\$49,783,000	\$57,000	\$197,000	\$291,000	\$27,000
Capitation	\$339,000	\$0	\$1,000	\$2,000	\$1,000
Incurred Prescription Drug Claims	\$136,463,000	\$150,000	\$589,000	\$598,000	\$51,000
Prescription Drug Rebates	(\$30,796,000)	(\$34,000)	(\$133,000)	(\$135,000)	(\$12,000)
EGWP Credits	(\$48,936,000)	(\$89,000)	(\$161,000)	(\$306,000)	(\$28,000)
Education Surcharge	N/A	N/A	N/A	N/A	N/A
Administrative Fees	\$7,475,000	\$5,000	\$21,000	\$51,000	\$4,000
Total Cost	\$114,328,000	\$89,000	\$514,000	\$501,000	\$43,000
Total Premium	\$122,853,000	\$162,000	\$428,000	\$746,000	\$72,000
Gain (Loss)	\$8,525,000	\$73,000	(\$86,000)	\$245,000	\$29,000

Some plans may show \$0 in certain cost categories. These plans may have costs which are under \$500 and are rounded to \$0. The Incurred Medical Claims cost category reflects the Medicare Advantage plan premiums for the Fully Insured Medicare Retiree medical plan options.



**SEHBP Plan Year 2022 Mid-Year Experience Analysis**  
**Exhibit 3B – Plan Year 2022 Aggregate Costs, page 1 of 2**

	NJEHP		GSHP		Legacy Plans				
	Total	Horizon PPO	Aetna PPO	Aetna Freedom 10	Aetna Freedom 15	NJ DIRECT10	NJ DIRECT15	Aetna HMO	Horizon HMO
<b>Employees and Retirees</b>									
Average Medical Members	328,113	98,850	508	100,559	9,475	58,460	31,417	5,687	240
Incurred Medical Claims	\$1,802,612,000	\$733,438,000	\$3,340,000	\$160,950,000	\$12,923,000	\$555,135,000	\$269,231,000	\$10,980,000	\$511,000
Capitation	\$52,318,000	\$27,121,000	\$0	\$0	\$0	\$16,208,000	\$8,627,000	\$0	\$14,000
Incurred Prescription Drug Claims	\$1,233,673,000	\$180,892,000	\$641,000	\$638,902,000	\$59,939,000	\$106,646,000	\$53,857,000	\$38,508,000	\$936,000
Prescription Drug Rebates	(\$317,966,000)	(\$60,880,000)	(\$214,000)	(\$146,154,000)	(\$13,711,000)	(\$35,152,000)	(\$17,752,000)	(\$8,809,000)	(\$214,000)
EGWP Credits	(\$301,194,000)	N/A	N/A	(\$218,089,000)	(\$20,549,000)	N/A	N/A	(\$12,333,000)	(\$521,000)
Education Surcharge	(\$40,147,000)	(\$40,069,000)	(\$78,000)	\$0	\$0	\$0	\$0	\$0	\$0
Administrative Fees	\$74,852,000	\$27,700,000	\$181,000	\$14,036,000	\$1,342,000	\$15,021,000	\$8,079,000	\$803,000	\$68,000
Total Cost	\$2,504,148,000	\$868,202,000	\$3,870,000	\$449,645,000	\$39,944,000	\$657,858,000	\$322,042,000	\$29,149,000	\$794,000
Total Premium	\$2,194,209,000	\$827,819,000	\$4,034,000	\$435,578,000	\$38,800,000	\$485,649,000	\$249,867,000	\$26,721,000	\$1,542,000
Gain (Loss)	(\$309,939,000)	(\$40,383,000)	\$164,000	(\$14,067,000)	(\$1,144,000)	(\$172,209,000)	(\$72,175,000)	(\$2,428,000)	\$748,000
<b>Employees</b>									
Average Medical Members	156,661	66,340	444	N/A	N/A	58,460	31,417	N/A	N/A
Incurred Medical Claims	\$1,251,347,000	\$424,213,000	\$2,768,000	N/A	N/A	\$555,135,000	\$269,231,000	N/A	N/A
Capitation	\$42,930,000	N/A	\$0	N/A	N/A	\$16,208,000	\$8,627,000	N/A	N/A
Incurred Prescription Drug Claims	\$229,518,000	\$68,576,000	\$439,000	N/A	N/A	\$106,646,000	\$53,857,000	N/A	N/A
Prescription Drug Rebates	(\$75,652,000)	(\$22,603,000)	(\$145,000)	N/A	N/A	(\$35,152,000)	(\$17,752,000)	N/A	N/A
EGWP Credits	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Education Surcharge	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative Fees	\$41,867,000	\$18,617,000	\$150,000	N/A	N/A	\$15,021,000	\$8,079,000	N/A	N/A
Total Cost	\$1,490,010,000	\$506,898,000	\$3,212,000	N/A	N/A	\$657,858,000	\$322,042,000	N/A	N/A
Total Premium	\$1,232,020,000	\$493,066,000	\$3,438,000	N/A	N/A	\$485,649,000	\$249,867,000	N/A	N/A
Gain (Loss)	(\$257,990,000)	(\$13,832,000)	\$226,000	N/A	N/A	(\$172,209,000)	(\$72,175,000)	N/A	N/A
<b>Early Retirees</b>									
Average Medical Members	32,574	32,510	64	N/A	N/A	N/A	N/A	N/A	N/A
Incurred Medical Claims	\$309,797,000	\$309,225,000	\$572,000	N/A	N/A	N/A	N/A	N/A	N/A
Capitation	\$9,026,000	\$9,026,000	\$0	N/A	N/A	N/A	N/A	N/A	N/A
Incurred Prescription Drug Claims	\$112,518,000	\$112,316,000	\$202,000	N/A	N/A	N/A	N/A	N/A	N/A
Prescription Drug Rebates	(\$38,346,000)	(\$38,277,000)	(\$69,000)	N/A	N/A	N/A	N/A	N/A	N/A
EGWP Credits	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Education Surcharge	(\$40,147,000)	(\$40,069,000)	(\$78,000)	N/A	N/A	N/A	N/A	N/A	N/A
Administrative Fees	\$9,114,000	\$9,083,000	\$31,000	N/A	N/A	N/A	N/A	N/A	N/A
Total Cost	\$361,962,000	\$361,304,000	\$658,000	N/A	N/A	N/A	N/A	N/A	N/A
Total Premium	\$335,349,000	\$334,753,000	\$596,000	N/A	N/A	N/A	N/A	N/A	N/A
Gain (Loss)	(\$26,613,000)	(\$26,551,000)	(\$62,000)	N/A	N/A	N/A	N/A	N/A	N/A
<b>Medicare Retirees</b>									
Average Medical Members	138,878	N/A	N/A	100,559	9,475	N/A	N/A	5,687	240
Incurred Medical Claims	\$241,468,000	N/A	N/A	\$160,950,000	\$12,923,000	N/A	N/A	\$10,980,000	\$511,000
Capitation	\$362,000	N/A	N/A	\$0	\$0	N/A	N/A	\$0	\$14,000
Incurred Prescription Drug Claims	\$891,637,000	N/A	N/A	\$638,902,000	\$59,939,000	N/A	N/A	\$38,508,000	\$936,000
Prescription Drug Rebates	(\$203,968,000)	N/A	N/A	(\$146,154,000)	(\$13,711,000)	N/A	N/A	(\$8,809,000)	(\$214,000)
EGWP Credits	(\$301,194,000)	N/A	N/A	(\$218,089,000)	(\$20,549,000)	N/A	N/A	(\$12,333,000)	(\$521,000)
Education Surcharge	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative Fees	\$23,871,000	N/A	N/A	\$14,036,000	\$1,342,000	N/A	N/A	\$803,000	\$68,000
Total Cost	\$652,176,000	N/A	N/A	\$449,645,000	\$39,944,000	N/A	N/A	\$29,149,000	\$794,000
Total Premium	\$626,840,000	N/A	N/A	\$435,578,000	\$38,800,000	N/A	N/A	\$26,721,000	\$1,542,000
Gain (Loss)	(\$25,336,000)	N/A	N/A	(\$14,067,000)	(\$1,144,000)	N/A	N/A	(\$2,428,000)	\$748,000

Some plans may show \$0 in certain cost categories. These plans may have costs which are under \$500 and are rounded to \$0. The Incurred Medical Claims cost category reflects the Medicare Advantage plan premiums for the Fully Insured Medicare Retiree medical plan options.

**SEHBP Plan Year 2022 Mid-Year Experience Analysis**  
**Exhibit 3B – Plan Year 2022 Aggregate Costs, page 2 of 2**

	1525			2030	
	NJ DIRECT	Aetna HMO	Horizon HMO	NJ DIRECT	Horizon HMO
<b>Employees and Retirees</b>					
Average Medical Members	22,625	44	86	152	10
Incurred Medical Claims	\$55,433,000	\$66,000	\$242,000	\$328,000	\$35,000
Capitation	\$343,000	\$0	\$2,000	\$2,000	\$1,000
Incurred Prescription Drug Claims	\$151,962,000	\$290,000	\$449,000	\$603,000	\$48,000
Prescription Drug Rebates	(\$34,762,000)	(\$66,000)	(\$103,000)	(\$138,000)	(\$11,000)
EGWP Credits	(\$49,069,000)	(\$95,000)	(\$186,000)	(\$330,000)	(\$22,000)
Education Surcharge	\$0	\$0	\$0	\$0	\$0
Administrative Fees	\$7,535,000	\$6,000	\$24,000	\$54,000	\$3,000
Total Cost	\$131,442,000	\$201,000	\$428,000	\$519,000	\$54,000
Total Premium	\$122,658,000	\$188,000	\$492,000	\$803,000	\$58,000
Gain (Loss)	(\$8,784,000)	(\$13,000)	\$64,000	\$284,000	\$4,000
<b>Employees</b>					
Average Medical Members	N/A	N/A	N/A	N/A	N/A
Incurred Medical Claims	N/A	N/A	N/A	N/A	N/A
Capitation	N/A	N/A	N/A	N/A	N/A
Incurred Prescription Drug Claims	N/A	N/A	N/A	N/A	N/A
Prescription Drug Rebates	N/A	N/A	N/A	N/A	N/A
EGWP Credits	N/A	N/A	N/A	N/A	N/A
Education Surcharge	N/A	N/A	N/A	N/A	N/A
Administrative Fees	N/A	N/A	N/A	N/A	N/A
Total Cost	N/A	N/A	N/A	N/A	N/A
Total Premium	N/A	N/A	N/A	N/A	N/A
Gain (Loss)	N/A	N/A	N/A	N/A	N/A
<b>Early Retirees</b>					
Average Medical Members	N/A	N/A	N/A	N/A	N/A
Incurred Medical Claims	N/A	N/A	N/A	N/A	N/A
Capitation	N/A	N/A	N/A	N/A	N/A
Incurred Prescription Drug Claims	N/A	N/A	N/A	N/A	N/A
Prescription Drug Rebates	N/A	N/A	N/A	N/A	N/A
EGWP Credits	N/A	N/A	N/A	N/A	N/A
Education Surcharge	N/A	N/A	N/A	N/A	N/A
Administrative Fees	N/A	N/A	N/A	N/A	N/A
Total Cost	N/A	N/A	N/A	N/A	N/A
Total Premium	N/A	N/A	N/A	N/A	N/A
Gain (Loss)	N/A	N/A	N/A	N/A	N/A
<b>Medicare Retirees</b>					
Average Medical Members	22,625	44	86	152	10
Incurred Medical Claims	\$55,433,000	\$66,000	\$242,000	\$328,000	\$35,000
Capitation	\$343,000	\$0	\$2,000	\$2,000	\$1,000
Incurred Prescription Drug Claims	\$151,962,000	\$290,000	\$449,000	\$603,000	\$48,000
Prescription Drug Rebates	(\$34,762,000)	(\$66,000)	(\$103,000)	(\$138,000)	(\$11,000)
EGWP Credits	(\$49,069,000)	(\$95,000)	(\$186,000)	(\$330,000)	(\$22,000)
Education Surcharge	N/A	N/A	N/A	N/A	N/A
Administrative Fees	\$7,535,000	\$6,000	\$24,000	\$54,000	\$3,000
Total Cost	\$131,442,000	\$201,000	\$428,000	\$519,000	\$54,000
Total Premium	\$122,658,000	\$188,000	\$492,000	\$803,000	\$58,000
Gain (Loss)	(\$8,784,000)	(\$13,000)	\$64,000	\$284,000	\$4,000

Some plans may show \$0 in certain cost categories. These plans may have costs which are under \$500 and are rounded to \$0. The Incurred Medical Claims cost category reflects the Medicare Advantage plan premiums for the Fully Insured Medicare Retiree medical plan options.

**SEHBP Plan Year 2022 Mid-Year Experience Analysis  
Exhibit 3C – Plan Year 2023 Aggregate Costs, Page 1 of 2**

	Total	NJEHP	GSHP	Legacy Plans					
		Horizon PPO	Aetna PPO	Aetna Freedom 10	Aetna Freedom 15	NJ DIRECT10	NJ DIRECT15	Aetna HMO	Horizon HMO
<b>Employees and Retirees</b>									
Average Medical Members	327,744	109,290	1,531	101,912	9,407	51,464	25,310	5,488	243
Incurred Medical Claims	\$1,835,291,000	\$851,144,000	\$9,580,000	\$139,954,000	\$10,693,000	\$522,595,000	\$231,781,000	\$9,348,000	\$545,000
Capitation	\$55,023,000	\$31,932,000	\$0	\$0	\$0	\$15,273,000	\$7,435,000	\$0	\$14,000
Incurred Prescription Drug Claims	\$1,330,109,000	\$209,369,000	\$2,152,000	\$694,445,000	\$63,824,000	\$104,198,000	\$49,501,000	\$39,853,000	\$1,015,000
Prescription Drug Rebates	(\$386,144,000)	(\$78,621,000)	(\$808,000)	(\$179,127,000)	(\$16,463,000)	(\$39,204,000)	(\$18,624,000)	(\$10,280,000)	(\$262,000)
EGWP Credits	(\$328,173,000)	\$0	\$0	(\$238,637,000)	(\$22,028,000)	N/A	N/A	(\$12,850,000)	(\$568,000)
Education Surcharge	(\$42,554,000)	(\$42,296,000)	(\$258,000)	\$0	\$0	\$0	\$0	\$0	\$0
Administrative Fees	\$71,190,000	\$27,303,000	\$551,000	\$14,344,000	\$1,344,000	\$12,046,000	\$5,943,000	\$782,000	\$95,000
Total Cost	\$2,534,742,000	\$998,831,000	\$11,217,000	\$430,979,000	\$37,370,000	\$614,908,000	\$276,036,000	\$26,853,000	\$839,000
Total Premium	\$2,538,902,000	\$1,101,235,000	\$12,219,000	\$435,357,000	\$37,960,000	\$539,209,000	\$254,986,000	\$25,470,000	\$1,628,000
Gain (Loss)	\$4,160,000	\$102,404,000	\$1,002,000	\$4,378,000	\$590,000	(\$75,699,000)	(\$21,050,000)	(\$1,383,000)	\$789,000
<b>Employees</b>									
Average Medical Members	155,012	76,904	1,334	N/A	N/A	51,464	25,310	N/A	N/A
Incurred Medical Claims	\$1,288,398,000	\$526,157,000	\$7,865,000	N/A	N/A	\$522,595,000	\$231,781,000	N/A	N/A
Capitation	\$45,154,000	\$22,446,000	\$0	N/A	N/A	\$15,273,000	\$7,435,000	N/A	N/A
Incurred Prescription Drug Claims	\$243,645,000	\$88,531,000	\$1,415,000	N/A	N/A	\$104,198,000	\$49,501,000	N/A	N/A
Prescription Drug Rebates	(\$91,670,000)	(\$33,310,000)	(\$532,000)	N/A	N/A	(\$39,204,000)	(\$18,624,000)	N/A	N/A
EGWP Credits	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Education Surcharge	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative Fees	\$37,733,000	\$19,284,000	\$460,000	N/A	N/A	\$12,046,000	\$5,943,000	N/A	N/A
Total Cost	\$1,523,260,000	\$623,108,000	\$9,208,000	N/A	N/A	\$614,908,000	\$276,036,000	N/A	N/A
Total Premium	\$1,520,058,000	\$715,523,000	\$10,340,000	N/A	N/A	\$539,209,000	\$254,986,000	N/A	N/A
Gain (Loss)	(\$3,202,000)	\$92,415,000	\$1,132,000	N/A	N/A	(\$75,699,000)	(\$21,050,000)	N/A	N/A
<b>Early Retirees</b>									
Average Medical Members	32,583	32,386	197	N/A	N/A	N/A	N/A	N/A	N/A
Incurred Medical Claims	\$326,702,000	\$324,987,000	\$1,715,000	N/A	N/A	N/A	N/A	N/A	N/A
Capitation	\$9,486,000	\$9,486,000	\$0	N/A	N/A	N/A	N/A	N/A	N/A
Incurred Prescription Drug Claims	\$121,575,000	\$120,838,000	\$737,000	N/A	N/A	N/A	N/A	N/A	N/A
Prescription Drug Rebates	(\$45,587,000)	(\$45,311,000)	(\$276,000)	N/A	N/A	N/A	N/A	N/A	N/A
EGWP Credits	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Education Surcharge	(\$42,554,000)	(\$42,296,000)	(\$258,000)	N/A	N/A	N/A	N/A	N/A	N/A
Administrative Fees	\$8,110,000	\$8,019,000	\$91,000	N/A	N/A	N/A	N/A	N/A	N/A
Total Cost	\$377,732,000	\$375,723,000	\$2,009,000	N/A	N/A	N/A	N/A	N/A	N/A
Total Premium	\$387,591,000	\$385,712,000	\$1,879,000	N/A	N/A	N/A	N/A	N/A	N/A
Gain (Loss)	\$9,859,000	\$9,989,000	(\$130,000)	N/A	N/A	N/A	N/A	N/A	N/A
<b>Medicare Retirees</b>									
Average Medical Members	140,149	N/A	N/A	101,912	9,407	N/A	N/A	5,488	243
Incurred Medical Claims	\$220,191,000	N/A	N/A	\$139,954,000	\$10,693,000	N/A	N/A	\$9,348,000	\$545,000
Capitation	\$383,000	N/A	N/A	\$0	\$0	N/A	N/A	\$0	\$14,000
Incurred Prescription Drug Claims	\$964,889,000	N/A	N/A	\$694,445,000	\$63,824,000	N/A	N/A	\$39,853,000	\$1,015,000
Prescription Drug Rebates	(\$248,887,000)	N/A	N/A	(\$179,127,000)	(\$16,463,000)	N/A	N/A	(\$10,280,000)	(\$262,000)
EGWP Credits	(\$328,173,000)	N/A	N/A	(\$238,637,000)	(\$22,028,000)	N/A	N/A	(\$12,850,000)	(\$568,000)
Education Surcharge	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative Fees	\$25,347,000	N/A	N/A	\$14,344,000	\$1,344,000	N/A	N/A	\$782,000	\$95,000
Total Cost	\$633,750,000	N/A	N/A	\$430,979,000	\$37,370,000	N/A	N/A	\$26,853,000	\$839,000
Total Premium	\$631,253,000	N/A	N/A	\$435,357,000	\$37,960,000	N/A	N/A	\$25,470,000	\$1,628,000
Gain (Loss)	(\$2,497,000)	N/A	N/A	\$4,378,000	\$590,000	N/A	N/A	(\$1,383,000)	\$789,000

Some plans may show \$0 in certain cost categories. These plans may have costs which are under \$500 and are rounded to \$0. The Incurred Medical Claims cost category reflects the Medicare Advantage plan premiums for the Fully Insured Medicare Retiree medical plan options.

**SEHBP Plan Year 2022 Mid-Year Experience Analysis**  
**Exhibit 3C – Plan Year 2023 Aggregate Costs, page 2 of 2**

	1525			2030	
	NJ DIRECT	Aetna HMO	Horizon HMO	NJ DIRECT	Horizon HMO
<b>Employees and Retirees</b>					
Average Medical Members	22,794	43	96	156	10
Incurred Medical Claims	\$58,918,000	\$55,000	\$287,000	\$356,000	\$35,000
Capitation	\$364,000	\$0	\$2,000	\$2,000	\$1,000
Incurred Prescription Drug Claims	\$164,194,000	\$304,000	\$541,000	\$664,000	\$49,000
Prescription Drug Rebates	(\$42,353,000)	(\$78,000)	(\$140,000)	(\$171,000)	(\$13,000)
EGWP Credits	(\$53,374,000)	(\$101,000)	(\$226,000)	(\$366,000)	(\$23,000)
Education Surcharge	\$0	\$0	\$0	\$0	\$0
Administrative Fees	\$8,670,000	\$6,000	\$38,000	\$64,000	\$4,000
<b>Total Cost</b>	<b>\$136,419,000</b>	<b>\$186,000</b>	<b>\$502,000</b>	<b>\$549,000</b>	<b>\$53,000</b>
<b>Total Premium</b>	<b>\$129,301,000</b>	<b>\$181,000</b>	<b>\$433,000</b>	<b>\$865,000</b>	<b>\$58,000</b>
<b>Gain (Loss)</b>	<b>(\$7,118,000)</b>	<b>(\$5,000)</b>	<b>(\$69,000)</b>	<b>\$316,000</b>	<b>\$5,000</b>
<b>Employees</b>					
Average Medical Members	N/A	N/A	N/A	N/A	N/A
Incurred Medical Claims	N/A	N/A	N/A	N/A	N/A
Capitation	N/A	N/A	N/A	N/A	N/A
Incurred Prescription Drug Claims	N/A	N/A	N/A	N/A	N/A
Prescription Drug Rebates	N/A	N/A	N/A	N/A	N/A
EGWP Credits	N/A	N/A	N/A	N/A	N/A
Education Surcharge	N/A	N/A	N/A	N/A	N/A
Administrative Fees	N/A	N/A	N/A	N/A	N/A
<b>Total Cost</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Total Premium</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Gain (Loss)</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Early Retirees</b>					
Average Medical Members	N/A	N/A	N/A	N/A	N/A
Incurred Medical Claims	N/A	N/A	N/A	N/A	N/A
Capitation	N/A	N/A	N/A	N/A	N/A
Incurred Prescription Drug Claims	N/A	N/A	N/A	N/A	N/A
Prescription Drug Rebates	N/A	N/A	N/A	N/A	N/A
EGWP Credits	N/A	N/A	N/A	N/A	N/A
Education Surcharge	N/A	N/A	N/A	N/A	N/A
Administrative Fees	N/A	N/A	N/A	N/A	N/A
<b>Total Cost</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Total Premium</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Gain (Loss)</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Medicare Retirees</b>					
Average Medical Members	22,794	43	96	156	10
Incurred Medical Claims	\$58,918,000	\$55,000	\$287,000	\$356,000	\$35,000
Capitation	\$364,000	\$0	\$2,000	\$2,000	\$1,000
Incurred Prescription Drug Claims	\$164,194,000	\$304,000	\$541,000	\$664,000	\$49,000
Prescription Drug Rebates	(\$42,353,000)	(\$78,000)	(\$140,000)	(\$171,000)	(\$13,000)
EGWP Credits	(\$53,374,000)	(\$101,000)	(\$226,000)	(\$366,000)	(\$23,000)
Education Surcharge	N/A	N/A	N/A	N/A	N/A
Administrative Fees	\$8,670,000	\$6,000	\$38,000	\$64,000	\$4,000
<b>Total Cost</b>	<b>\$136,419,000</b>	<b>\$186,000</b>	<b>\$502,000</b>	<b>\$549,000</b>	<b>\$53,000</b>
<b>Total Premium</b>	<b>\$129,301,000</b>	<b>\$181,000</b>	<b>\$433,000</b>	<b>\$865,000</b>	<b>\$58,000</b>
<b>Gain (Loss)</b>	<b>(\$7,118,000)</b>	<b>(\$5,000)</b>	<b>(\$69,000)</b>	<b>\$316,000</b>	<b>\$5,000</b>

Some plans may show \$0 in certain cost categories. These plans may have costs which are under \$500 and are rounded to \$0. The Incurred Medical Claims cost category reflects the Medicare Advantage plan premiums for the Fully Insured Medicare Retiree medical plan options.

## SEHBP Plan Year 2022 Mid-Year Experience Analysis Exhibit 4A – Employee Plan Year 2023 Option Summary

	Education Actives			
	\$10 PPO	\$15 PPO	NJ Educators Health Plan	NJ Garden State Health Plan
<b>In-Network</b>				
Deductible (Single/Family)	None	None	None	None
Coinsurance OOP Maximum (Single/ Family)	None	\$400/\$1,000	None	None
Total In-Network OOP Maximum (Single/Family)	\$400/\$1,000	\$7,280/\$14,560	\$500/\$1000	\$500/\$1000
Overall Coinsurance	10% <sup>1</sup>	10% <sup>1</sup>	10% <sup>1</sup>	10% <sup>1</sup>
PCP	\$10 copay	\$15 copay	\$10 copay	\$10 copay
Specialist	\$10 copay	\$15 copay	\$15 copay	\$15 copay
Urgent Care	\$10 copay	\$15 copay	\$15 copay	\$15 copay
Emergency Room	\$25 copay	\$50 copay	\$125 copay	\$125 copay
Inpatient Hospital	No charge	No charge	No charge	No charge
<b>Out-of-Network</b>				
Deductible (Single/Family)	\$100/\$250	\$100/\$250	\$350/\$700	\$350/\$700
Total Out-of-Network OOP Maximum (Single/Family)	\$2,000/\$5,000	\$2,000/\$5,000	\$2,000/\$5,000	\$2,000/\$5,000
Overall Coinsurance	20%	30%	30% (200% CMS)	30% (200% CMS)
Out-of-Network Chiropractic Services	Lesser of \$35/visit or 75% of In-Network cost/visit	Lesser of \$35/visit or 75% of In-Network cost/visit	Lesser of \$35/visit or 75% of In-Network cost/visit	Lesser of \$35/visit or 75% of In-Network cost/visit
Out-of-Network Acupuncture Services	Lesser of \$60/visit or 75% of In-Network cost/visit	Lesser of \$60/visit or 75% of In-Network cost/visit	Lesser of \$60/visit or 75% of In-Network cost/visit	Lesser of \$60/visit or 75% of In-Network cost/visit
Out-of-Network Physical Therapy Services	75% of In-Network cost/visit	75% of In-Network cost/visit	75% of In-Network cost/visit	75% of In-Network cost/visit
<b>Prescription Drug</b>				
OOP Maximum (Single/Family)	\$1,820/\$3,640	\$1,820/\$3,640	\$1600/\$3200	\$1600/\$3200
Retail - Generic	\$3	\$3	\$5	\$5
Retail - Preferred Brand	\$10	\$10	\$10	\$10
Retail - Non-Preferred Brand	\$10	\$10	Member Pays the Difference between generic and brand plus brand copayment	Member Pays the Difference between generic and brand plus brand copayment
Mail - Generic	\$5	\$5	\$10	\$10
Mail - Preferred Brand	\$15	\$15	\$20	\$20
Mail - Non-Preferred Brand	\$15	\$15	Member Pays the Difference between generic and brand plus brand copayment	Member Pays the Difference between generic and brand plus brand copayment

<sup>1</sup> On Select Services

Note: Local education employers can select from the SEHBP's Prescription Drug Plans, purchase their own prescription drug coverage plan, or receive prescription drug coverage through the SEHBP medical plan. Copayments shown apply to the plans when coverage is through the SEHBP's Prescription Drug Plans. If prescription drug coverage is through the medical plan: Coinsurance is 10% for NJ DIRECT10 and NJ DIRECT15.

Note: Beginning 1/1/2022 a new Garden State Health Plan is to be implemented. Plan Design details for the Garden State Health Plan are yet to be determined.

All employees hired on or after 7/1/20 will be enrolled in the NJ Educators Health plan and will have the option to enroll in the Garden State Plan after 1/1/22.

The plan options shown above are provided for reference purposes and reflect potential options available to a member. The plan options shown above are not available for all members and can be dependent on multiple factors such as union designation, years of service, etc.

**SEHBP Plan Year 2022 Mid-Year Experience Analysis**  
**Exhibit 4B – Early Retiree Plan Year 2023 Option Summary**

	Education Early Retirees	
	NJ Educators Health Plan	NJ Garden State Health Plan
<b>In-Network</b>		
Deductible (Single/Family)	None	None
Coinsurance OOP Maximum (Single/ Family)	None	None
Total In-Network OOP Maximum (Single/Family)	\$500/\$1000	\$500/\$1000
Overall Coinsurance	10% <sup>1</sup>	10% <sup>1</sup>
PCP	\$10 copay	\$10 copay
Specialist	\$15 copay	\$15 copay
Urgent Care	\$15 copay	\$15 copay
Emergency Room	\$125 copay	\$125 copay
Inpatient Hospital	No charge	No charge
<b>Out-of-Network</b>		
Deductible (Single/Family)	\$350/\$700	\$350/\$700
Total Out-of-Network OOP Maximum (Single/Family)	\$2,000/\$5,000	\$2,000/\$5,000
Overall Coinsurance	30% (200% of CMS)	30% (200% of CMS)
Out-of-Network Chiropractic Services	Lesser of \$35/visit or 75% of In-Network cost/visit	Lesser of \$35/visit or 75% of In-Network cost/visit
Out-of-Network Acupuncture Services	Lesser of \$60/visit or 75% of In-Network cost/visit	Lesser of \$60/visit or 75% of In-Network cost/visit
Out-of-Network Physical Therapy Services	75% of In-Network cost/visit	75% of In-Network cost/visit
<b>Prescription Drug</b>		
OOP Maximum (Single/Family)	\$1,600/\$3,200	\$1,600/\$3,200
Retail - Generic	\$5	\$5
Retail - Preferred Brand	\$10	\$10
Retail - Non-Preferred Brand	Member Pays the Difference between generic and brand plus brand copayment	Member Pays the Difference between generic and brand plus brand copayment
Mail - Generic	\$10	\$10
Mail - Preferred Brand	\$20	\$20
Mail - Non-Preferred Brand	Member Pays the Difference between generic and brand plus brand copayment	Member Pays the Difference between generic and brand plus brand copayment

The plan options shown above are provided for reference purposes and reflect potential options available to a member. The plan options shown above are not available for all members and can be dependent on multiple factors such as union designation, years of service, etc.

**SEHBP Plan Year 2022 Mid-Year Experience Analysis  
Exhibit 4C – Medicare Retiree Plan Year 2023 Option Summary**

	Education Medicare Advantage <sup>3</sup>				Education Medicare Supplement				
	\$10 PPO	\$15 PPO	\$10 HMO	1525HMO	\$10 HMO	1525PPO	1525HMO	2030PPO	2030HMO
<b>In-Network</b>									
Deductible (Single/Family)	None	None	None	None	None	None	None	None	None
Coinsurance OOP Maximum (Single/ Family) <sup>1</sup>	None	None	None	None	None	\$400/\$1,000	None	\$800/\$2,000	None
Total In-Network OOP Maximum (Single/Family)	\$400 per person	\$1,000 per person	\$2,500 per person	\$2,500 per person	\$7,689/\$15,378	\$7,689/\$15,378	\$7,689/\$15,378	\$7,689/\$15,378	\$7,689/\$15,378
Overall Coinsurance	None	None	None	None	10% <sup>4</sup>	10% <sup>4</sup>	10% <sup>4</sup>	10% <sup>4</sup>	10% <sup>4</sup>
PCP <sup>2</sup>	\$10 copay	\$15 copay	\$10 copay	\$15 copay	\$10 copay	\$15 copay	\$15 copay	\$20 copay	\$20 copay
Specialist	\$10 copay	\$15 copay	\$10 copay	\$25 copay	\$10 copay	\$25 copay	\$25 copay	\$30 copay/ \$20 copay (child)	\$30 copay/ \$20 copay (child)
Urgent Care	\$10 copay	\$15 copay	\$10 copay	\$25 copay	\$10 copay	\$25 copay	\$25 copay	\$30 copay/ \$20 copay (child)	\$30 copay/ \$20 copay (child)
Emergency Room	\$25 copay	\$50 copay	\$35 copay	\$65 copay	\$35 copay	\$75 copay	\$75 copay	\$125 copay	\$125 copay
Inpatient Hospital	No charge	No charge	No charge	No charge	No charge	No charge	No charge	No charge	No charge
<b>Out-of-Network</b>									
Deductible (Single/Family)	None	None	Not Covered	Not Covered	Not covered	\$100/\$250	Not covered	\$200/\$500	Not covered
Total Out-of-Network OOP Maximum (Single/Family)	\$400 per person; Combined with IN OOP	\$1,000 per person; Combined with IN OOP	Not Covered	Not Covered	Not covered	\$2,000/\$5,000	Not covered	\$5,000/\$12,500	Not covered
Overall Coinsurance	None	None	Not Covered	Not Covered	Not covered	30%	Not covered	30%	Not covered
<b>Prescription Drug</b>									
OOP Maximum (Single/Family)	\$1,411/\$2,822	\$1,411/\$2,822	\$1,411/\$2,822	\$1,411/\$2,822	\$1,411/\$2,822	\$1,411/\$2,822	\$1,411/\$2,822	\$1,411/\$2,822	\$1,411/\$2,822
Retail - Generic	\$10	\$10	\$6	\$7	\$6	\$7	\$7	\$3	\$3
Retail - Preferred Brand	\$21	\$21	\$13	\$17	\$13	\$17	\$17	\$19	\$19
Retail - Non-Preferred Brand	\$42	\$42	\$26	\$36	\$26	\$36	\$36	\$48	\$48
Mail - Generic	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Mail - Preferred Brand	\$31	\$31	\$19	\$41	\$19	\$41	\$41	\$37	\$37
Mail - Non-Preferred Brand	\$52	\$52	\$31	\$91	\$31	\$91	\$91	\$95	\$95

<sup>1</sup> Coinsurance OOP Maximum applies on the applicable Horizon plans for IN outpatient private duty nursing, IN or OON ambulance, DME and some prosthetic and orthotic services

<sup>2</sup>Physician visits for Medicare Advantage Plan Options will be reimbursed up to \$250 each visit

<sup>3</sup>Medicare Advantage plans do not have In-Network and Out-of-Network differentiation. Medicare Advantage plans provide coverage at the same benefit level regardless of network status for visits to any provider that accepts Medicare.

<sup>4</sup>On Select Services

The plan options shown above are provided for reference purposes and reflect potential options available to a member. The plan options shown above are not available for all members and can be dependent on multiple factors such as union designation, years of service, etc.

## About Aon

Aon plc (NYSE: AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

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