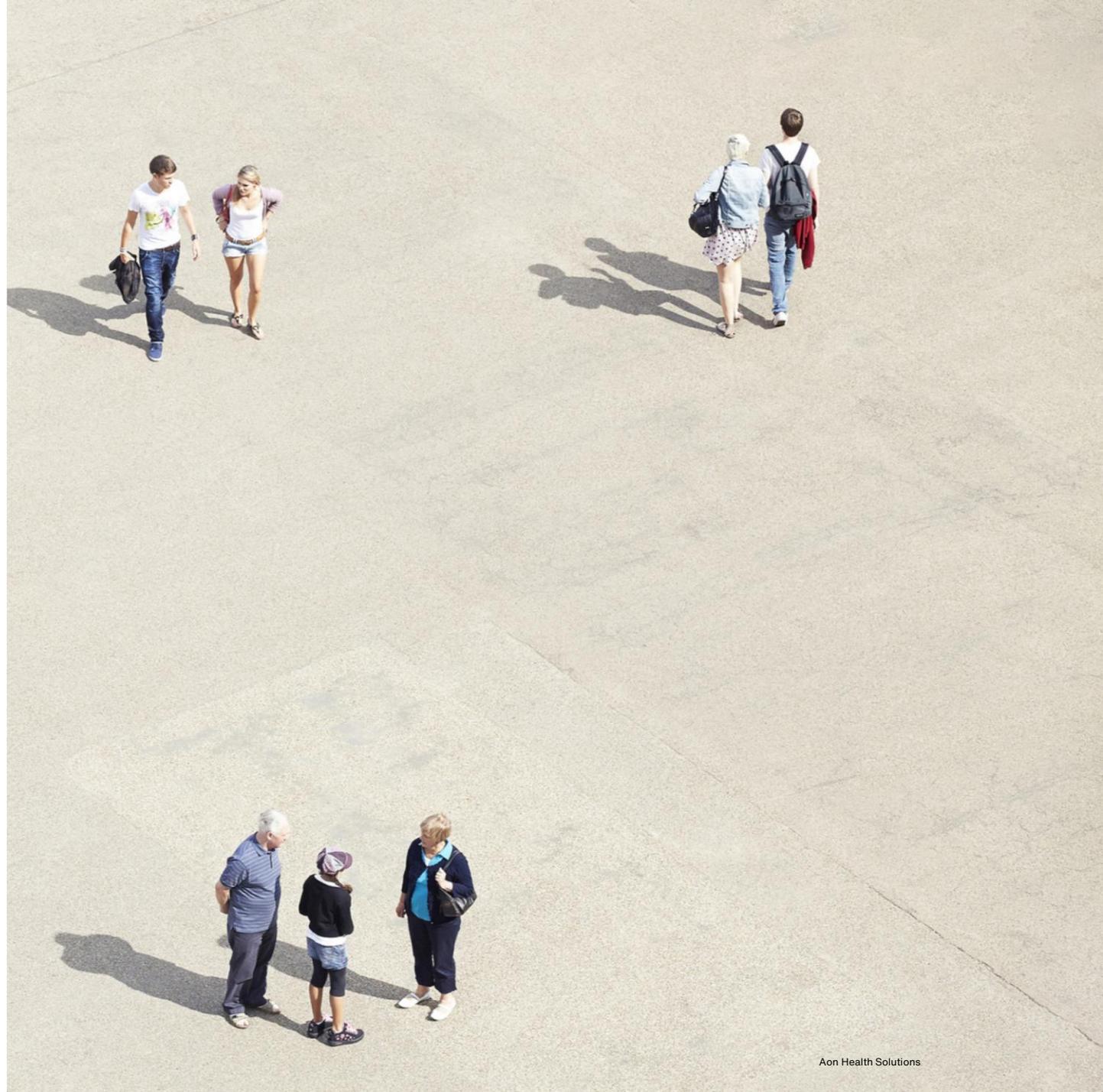




2026 SHBP Special Rate Meeting

State of New Jersey

February 11, 2026



Today's Discussion

Meeting Objectives

- Overview of new premium rates effective July 1, 2026
- Provide summary of resolutions and associated impacts
- Provide summary of the rate changes by group and plan option

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Overview of
Results

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Resolutions &
Impacts

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Summary of
Premiums

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Overview of Results

Executive Summary

- On September 24, 2025, the State Health Benefits Plan Design Committee (SHBP PDC) approved Resolutions 2025-9 through 2025-13 which included medical and prescription drug plan design changes.
- The purpose of this analysis is to evaluate the impact of these plan design changes on the premium rates for the second half of Plan Year 2026. The results quantify the effect of these changes relative to previously approved 2026 premium levels.
 - For State Actives, the plan design changes and updated rates are assumed to replace the current Plan Year 2026 plan designs and premium rates and apply to all employees beginning July 1, 2026 through December 31, 2026
 - For State Early Retirees, Local Government Actives, and Local Government Early Retirees, the plan design changes do not apply to the current plan options and instead create new plan options that may be offered alongside the current plans (i.e., they do not replace the current plans).
- The baseline amounts reflect 2026 premium rates as approved by the State Health Benefits Commission (SHBC) on September 3, 2025. Assumptions and methods are consistent with that analysis unless otherwise noted.
- Assumptions and methods are consistent with the Plan Year 2026 Rate Setting Analysis unless otherwise noted. The analysis also reflects the same underlying claims and enrollment data as the previously approved premium rates. This methodology is appropriate for reflecting the financial impact of the adopted plan design changes effective July 1, 2026 and reasonable in relation to the available data, prior experience periods used, and the timely implementation of both the new plan design components and rates. Updated experience was not evaluated as part of this exercise, which could have resulted in a gain or loss for the plan.

Overview of Recommended 7/1/2026 Premium Rates for New Plans

	Actives	Early Retirees
State		
Medical	(2.0%)	(1.9%)
Rx	(6.9%)	(3.4%)
Total	(3.0%)	(2.2%)
Local Government		
Medical	(1.8%)	(1.7%)
Rx	(4.7%)	(2.9%)
Total	(2.2%)	(1.9%)

- Updated State Active premium rate change is assumed to replace the current Plan Year 2026 premium rates and apply to all employees beginning 7/1/2026 through 12/31/2026
- Updated State Early Retiree and Local Government Active and Early Retiree premium rate change does not apply to the current plan options and instead create new plan options that may be offered alongside the current plans (i.e., they do not replace the current plans).
 - Local Government Active and Early Retiree premium rates include 15.4% margin, consistent with current Plan Year 2026 premium rates, which reflected 6.0% margin to help build the CSR balance plus an additional load to collect amounts owed under Chapter 86.
- The Medicare Retiree premium rates remain unchanged except for split-family contract arrangements (e.g., Medicare subscriber with Pre-Medicare dependent).

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Resolutions & Impacts

Impact of Resolutions

Estimate Plan Premium Impacts: Plan Premium impacts are based on Aon's Actuarial Value model as well as data and estimates provided by the vendors. In total, the State Active premium rates for the period July 1, 2026 through December 31, 2026 reflect savings of **\$40M**

Resolution 2025-9: This resolution confirms that certain resolutions that previously were required to be reaffirmed each year no longer require annual reaffirming and are made permanent. This resolution has no impact on the updated Plan Year 2026 premium rates.

Resolution 2025-10: This resolution outlines changes to medical plan deductibles, out-of-pocket maximums, in-network laboratory and imaging copays, and limits on out-of-network physical therapy limits. State Active estimated savings from this change is **\$11.7M** for the period July 1, 2026 – December 31, 2026.

- The impact of the proposed lab copay change has been excluded from this analysis.

Resolution 2025-11: This resolution outlines changes to the prescription drug plan out-of-pocket maximums, copay changes that vary by drug tier (i.e., generic, preferred brand, non-preferred brand, and specialty), and requirements for maintenance medications to be filled through mail order. The resolution also establishes a separate \$45 non-diabetic GLP-1 copay tier. State Active estimated savings from this change is **\$18.7M** which includes:

- **\$9.1M** for the change in plan OOP maximums and plan copay changes (other than the non-diabetic GLP-1 copay change) for the period July 1, 2026 – December 31, 2026
- **\$4.8M** for the implementation of the \$45 non-diabetic GLP-1 copay change for the period July 1, 2026 – December 31, 2026
- **\$4.8M** for the implementation of the \$45 non-diabetic GLP-1 copay change for the period January 1, 2026 – June 30, 2026, which has been credited to the second half year premiums
- The resolution also requires the implementation of a separate lifestyle management program which creates a new dual tier non-diabetic loss GLP-1 copay. The impact of this program and dual tier non-diabetic GLP-1 copays have been excluded from this analysis due to uncertainty around timing of implementation and administration.

Impact of Resolutions (cont.)

Resolution 2025-12: This resolution requires that members pay 50% coinsurance when using an in-network or out-of-network hospital for a Covered Procedure that is also covered through an in-network outpatient Ambulatory Surgical Center (ASC), with certain exceptions. State Active estimated savings from this change is **\$11.3M** for the period July 1, 2026 – December 31, 2026.

Resolution 2025-13: This resolution establishes a Centers of Excellence (COE) pilot program. The impact of the COE has been excluded from this analysis due to uncertainty around the timing of contract award, implementation, and administration.

Additional Fees: Additional vendor fees will be incurred related to changes outlined in resolutions 2025-10 and 2025-12. The premium rates incorporate a one-time implementation fee and an ongoing annual operational fee. The full implementation fee and half of the ongoing administrative fees are reflected in the new premium rates effective July 1, 2026 – December 31, 2026. For State Actives, these fees are equal to **\$1.7M** for the six-month period.

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Summary of Premiums

State Active Monthly Premiums

Current vs. Updated Rates Effective July 1, 2026 Reflecting Plan Design Changes

Employee Only Coverage

Active Monthly Premium Rates		PPO15	PPO1525	PPO2030	PPO2035	HD High	HD Low	Legacy HMO	Tiered Network	Unity PPO	Unity PPO 2019
Current Rate: 1/1/2026 - 6/30/2026	Medical	\$1,193.48	\$1,160.06	\$1,090.82	\$938.12	\$607.67	\$901.26	\$1,143.47	\$797.89	\$1,082.62	\$1,076.93
	Rx	\$313.74	\$284.55	\$289.61	\$260.67	\$191.35	\$283.74	\$313.74	\$210.34	\$282.89	\$282.89
	Total	\$1,507.22	\$1,444.61	\$1,380.43	\$1,198.79	\$799.02	\$1,185.00	\$1,457.21	\$1,008.23	\$1,365.51	\$1,359.82
New Rate: 7/1/2026 - 12/31/2026	Medical	\$1,169.25	\$1,136.35	\$1,068.75	\$924.92	\$599.19	\$888.78	\$1,128.46	\$787.42	\$1,057.49	\$1,057.49
	Rx	\$289.42	\$265.46	\$268.13	\$245.59	\$186.82	\$276.17	\$289.42	\$196.23	\$264.07	\$264.07
	Total	\$1,458.67	\$1,401.81	\$1,336.88	\$1,170.51	\$786.01	\$1,164.95	\$1,417.88	\$983.65	\$1,321.56	\$1,321.56
% Change	Medical	(2.0%)	(2.0%)	(2.0%)	(1.4%)	(1.4%)	(1.4%)	(1.3%)	(1.3%)	(2.3%)	(1.8%)
	Rx	(7.8%)	(6.7%)	(7.4%)	(5.8%)	(2.4%)	(2.7%)	(7.8%)	(6.7%)	(6.7%)	(6.7%)
	Total	(3.2%)	(3.0%)	(3.2%)	(2.4%)	(1.6%)	(1.7%)	(2.7%)	(2.4%)	(3.2%)	(2.8%)

Note: Updated State Active rates are assumed to replace the current Plan Year 2026 premium rates and apply to all employees beginning 7/1/2026 through 12/31/2026

State Early Retiree Monthly Premiums

Current Plans vs. New Plan Options Effective July 1, 2026

Retiree Only Coverage

Early Retiree Monthly Premium Rates		PPO10	PPO15	PPO1525	PPO2030	HD High	HD Low	Legacy HMO	1525 HMO	2030 HMO	Tiered Network	Unity PPO
Current Rate: 1/1/2026 - 6/30/2026	Medical	\$1,579.99	\$1,485.17	\$1,426.24	\$1,347.55	\$748.73	\$1,114.68	\$1,360.52	\$1,240.67	\$1,170.24	\$1,106.43	\$1,354.31
	Rx	\$386.87	\$386.87	\$380.43	\$383.99	\$251.81	\$346.96	\$409.52	\$395.46	\$399.12	\$347.94	\$371.65
	Total	\$1,966.86	\$1,872.04	\$1,806.67	\$1,731.54	\$1,000.54	\$1,461.64	\$1,770.04	\$1,636.13	\$1,569.36	\$1,454.37	\$1,725.96
New Rate: 7/1/2026 - 12/31/2026	Medical	\$1,551.44	\$1,455.17	\$1,397.39	\$1,320.64	\$737.44	\$1,098.09	\$1,341.40	\$1,223.24	\$1,153.80	\$1,090.88	\$1,327.23
	Rx	\$375.01	\$375.01	\$366.45	\$368.22	\$250.13	\$343.91	\$392.42	\$380.92	\$382.72	\$335.45	\$358.31
	Total	\$1,926.45	\$1,830.18	\$1,763.84	\$1,688.86	\$987.57	\$1,442.00	\$1,733.82	\$1,604.16	\$1,536.52	\$1,426.33	\$1,685.54
% Change	Medical	(1.8%)	(2.0%)	(2.0%)	(2.0%)	(1.5%)	(1.5%)	(1.4%)	(1.4%)	(1.4%)	(1.4%)	(2.0%)
	Rx	(3.1%)	(3.1%)	(3.7%)	(4.1%)	(0.7%)	(0.9%)	(4.2%)	(3.7%)	(4.1%)	(3.6%)	(3.6%)
	Total	(2.1%)	(2.2%)	(2.4%)	(2.5%)	(1.3%)	(1.3%)	(2.0%)	(2.0%)	(2.1%)	(1.9%)	(2.3%)

Note: Updated State Early Retiree rates do not apply to the current plan options and instead create new plan options that may be offered alongside the current plans (i.e., they do not replace the current plans). The Medicare Retiree premium rates remain unchanged except for split-family contract arrangements (e.g., Medicare subscriber with Pre-Medicare dependent).

Local Government Active Monthly Premiums

Current Plans vs. New Plan Options Effective July 1, 2026

Employee Only Coverage

Active Monthly Premium Rates		PPO10	PPO15	PPO1525	PPO2030	PPO2035	HD High	HD Low	Legacy HMO	Tiered Network	Unity PPO	Unity PPO 2019
Current Rate: 1/1/2026 - 6/30/2026	Medical	\$1,666.44	\$1,586.89	\$1,539.34	\$1,527.46	\$1,435.81	\$807.42	\$1,197.44	\$1,541.26	\$1,105.64	\$1,483.75	\$1,475.93
	Rx Card	\$382.44	\$382.44	\$346.85	\$349.04	\$345.17	\$227.26	\$337.11	\$382.44	\$301.85	\$347.14	\$347.14
	Total	\$2,048.88	\$1,969.33	\$1,886.19	\$1,876.50	\$1,780.98	\$1,034.68	\$1,534.55	\$1,923.70	\$1,407.49	\$1,830.89	\$1,823.07
New Rate: 7/1/2026 - 12/31/2026	Medical	\$1,636.59	\$1,556.04	\$1,509.36	\$1,498.21	\$1,416.81	\$796.82	\$1,181.86	\$1,522.33	\$1,092.06	\$1,455.45	\$1,455.45
	Rx Card	\$358.92	\$358.92	\$331.19	\$331.61	\$330.84	\$226.28	\$334.63	\$358.92	\$288.22	\$329.48	\$329.48
	Total	\$1,995.51	\$1,914.96	\$1,840.55	\$1,829.82	\$1,747.65	\$1,023.10	\$1,516.49	\$1,881.25	\$1,380.28	\$1,784.93	\$1,784.93
% Change	Medical	(1.8%)	(1.9%)	(1.9%)	(1.9%)	(1.3%)	(1.3%)	(1.3%)	(1.2%)	(1.2%)	(1.9%)	(1.4%)
	Rx Card	(6.1%)	(6.1%)	(4.5%)	(5.0%)	(4.2%)	(0.4%)	(0.7%)	(6.1%)	(4.5%)	(5.1%)	(5.1%)
	Total	(2.6%)	(2.8%)	(2.4%)	(2.5%)	(1.9%)	(1.1%)	(1.2%)	(2.2%)	(1.9%)	(2.5%)	(2.1%)

Active Monthly Premium Rates		PPO10	PPO15	PPO1525	PPO2030	PPO2035	HD High	HD Low	Legacy HMO	Tiered Network	Unity PPO	Unity PPO 2019
Current Rate: 1/1/2026 - 6/30/2026	Medical	\$1,666.44	\$1,586.89	\$1,539.34	\$1,527.46	\$1,435.81	\$807.42	\$1,197.44	\$1,541.26	\$1,105.64	\$1,483.75	\$1,475.93
	MMRx	\$356.55	\$353.21	\$322.34	\$316.93	\$309.56	\$227.26	\$337.11	\$362.97	\$280.52	\$322.61	\$322.61
	Total	\$2,022.99	\$1,940.10	\$1,861.68	\$1,844.39	\$1,745.37	\$1,034.68	\$1,534.55	\$1,904.23	\$1,386.16	\$1,806.36	\$1,798.54
New Rate: 7/1/2026 - 12/31/2026	Medical	\$1,636.59	\$1,556.04	\$1,509.36	\$1,498.21	\$1,416.81	\$796.82	\$1,181.86	\$1,522.33	\$1,092.06	\$1,455.45	\$1,455.45
	MMRx	\$354.77	\$350.67	\$320.52	\$314.89	\$308.61	\$226.28	\$334.63	\$341.69	\$268.47	\$319.99	\$319.99
	Total	\$1,991.36	\$1,906.71	\$1,829.88	\$1,813.10	\$1,725.42	\$1,023.10	\$1,516.49	\$1,864.02	\$1,360.53	\$1,775.44	\$1,775.44
% Change	Medical	(1.8%)	(1.9%)	(1.9%)	(1.9%)	(1.3%)	(1.3%)	(1.3%)	(1.2%)	(1.2%)	(1.9%)	(1.4%)
	MMRx	(0.5%)	(0.7%)	(0.6%)	(0.6%)	(0.3%)	(0.4%)	(0.7%)	(5.9%)	(4.3%)	(0.8%)	(0.8%)
	Total	(1.6%)	(1.7%)	(1.7%)	(1.7%)	(1.1%)	(1.1%)	(1.2%)	(2.1%)	(1.8%)	(1.7%)	(1.3%)

Note: Updated Local Government Active rates do not apply to the current plan options and instead create new plan options that may be offered alongside the current plans (i.e., they do not replace the current plans).



Local Government Early Retiree Monthly Premiums Current Plans vs. New Plan Options Effective July 1, 2026 Retiree Only Coverage

Early Retiree Monthly Premium Rates		PPO10	PPO15	PPO1525	PPO2030	HD High	HD Low	Legacy HMO	1525 HMO	2030 HMO	Tiered Network	Unity PPO
Current Rate: 1/1/2026 - 6/30/2026	Medical	\$1,970.05	\$1,852.48	\$1,769.36	\$1,665.06	\$937.67	\$1,388.97	\$1,798.28	\$1,588.07	\$1,491.05	\$1,379.63	\$1,670.43
	Rx	\$469.57	\$469.57	\$455.05	\$459.36	\$300.52	\$410.30	\$456.43	\$475.58	\$480.06	\$422.23	\$457.76
	Total	\$2,439.62	\$2,322.05	\$2,224.41	\$2,124.42	\$1,238.19	\$1,799.27	\$2,254.71	\$2,063.65	\$1,971.11	\$1,801.86	\$2,128.19
New Rate: 7/1/2026 - 12/31/2026	Medical	\$1,937.87	\$1,818.27	\$1,736.64	\$1,634.71	\$925.16	\$1,371.88	\$1,776.15	\$1,568.53	\$1,472.70	\$1,362.66	\$1,639.92
	Rx	\$456.56	\$456.56	\$439.65	\$441.83	\$298.60	\$406.81	\$438.69	\$459.49	\$461.74	\$408.31	\$442.67
	Total	\$2,394.43	\$2,274.83	\$2,176.29	\$2,076.54	\$1,223.76	\$1,778.69	\$2,214.84	\$2,028.02	\$1,934.44	\$1,770.97	\$2,082.59
% Change	Medical	(1.6%)	(1.8%)	(1.8%)	(1.8%)	(1.3%)	(1.2%)	(1.2%)	(1.2%)	(1.2%)	(1.2%)	(1.8%)
	Rx	(2.8%)	(2.8%)	(3.4%)	(3.8%)	(0.6%)	(0.9%)	(3.9%)	(3.4%)	(3.8%)	(3.3%)	(3.3%)
	Total	(1.9%)	(2.0%)	(2.2%)	(2.3%)	(1.2%)	(1.1%)	(1.8%)	(1.7%)	(1.9%)	(1.7%)	(2.1%)

Note: Updated Local Government Early Retiree rates do not apply to the current plan options and instead create new plan options that may be offered alongside the current plans (i.e., they do not replace the current plans). The Medicare Retiree premium rates remain unchanged except for split-family contract arrangements (e.g., Medicare subscriber with Pre-Medicare dependent).

Disclaimers

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 what is 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.

Preparation of this Actuarial Analysis

On September 24, 2025, the State Health Benefits Plan Design Committee (SHBP PDC) approved Resolutions 2025-9 through 2025-13 which included broad medical and prescription drug plan design changes. The purpose of this analysis is to evaluate the impact of these plan design changes on the premium rates for the second half of Plan Year 2026. The results quantify the effect of these changes relative to previously approved 2026 premium levels. The use of this presentation for purposes other than those expressed herein may not be appropriate.

It should be noted that Aon's conclusions are based on certain assumptions that appear reasonable at this time. Actual experience can vary from projected experience, and this difference may be material.

Source of Information

In conducting this analysis, we relied on census data provided by the State and claims data provided by carriers. We reviewed the data for reasonableness and consistency with prior data but have not audited it; as such, we are not certifying, herein, as to its accuracy.

Thank You