

**New Jersey State Health Benefits Commission**  
**State Health Benefits Program (SHBP) – State Group**  
**Plan Year 2019 Medical/Rx Rate Renewal Recommendation**

September 12, 2018

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- For the State Group in Plan Year 2019, the recommended premium rate changes are as follows: a 0.6% decrease for Active Employees, a 4.1% increase for Early Retirees, and a 32.6% decrease for Medicare Retirees.
- In aggregate, these recommendations represent an overall rate decrease for the State Group of 3.5%.

The Plan Year 2019 Renewal assumes the following:

- Plan Year 2018 medical and prescription drug claim experience paid through June 2018 has been reflected.
- Recommended trends are developed by incorporating actual SHBP plan experience (adjusted for expectations of future cost increases) along with medical and prescription drug vendor trend recommendations, Aon's national trend guidance (which is reflective of Pharmacy Benefit Manager (PBM) surveys), national benchmarking data and other external sources. Active PPO medical trend has been reduced to 4.50% and 5.00% for Plan Years 2018 and 2019, respectively. Plan Years 2018 and 2019 prescription drug trends have been lowered by 50 basis points to 8.00% for Actives, Early Retirees and Medicare Retirees from the trends recommended in the Plan Year 2019 Renewal Report provided on July 11, 2018.
- Plan Year 2019 projected Medicare Advantage fully insured premiums are equal to the rates provided in Aetna's Medicare Advantage RFP Response. This resulted in a savings of \$60 million and a reduction to the total Medicare Retiree premium rate recommendation of approximately 22%.
- All other actuarial assumptions are based on those disclosed in the Plan Year 2019 Renewal Reports that were presented on July 11, 2018.
- Plan Year 2019 projected cost for the State Group is approximately \$2.4 billion (\$1.8 billion for Actives and \$0.6 billion for Retirees).

**Attachment A**  
**SHBP – State Group**  
**Plan Year 2019 Rate Renewal Recommendations**

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|                          | Total          | Single         | EE + Spouse    | Family         | EE + Child(ren) |
|--------------------------|----------------|----------------|----------------|----------------|-----------------|
| <b>Actives</b>           |                |                |                |                |                 |
| PPO Medical              | 6.3%           | 6.3%           | 6.3%           | 6.3%           | 6.3%            |
| HMO Medical              | 6.3%           | 6.3%           | 6.3%           | 6.3%           | 6.3%            |
| Tiered Network Medical   | 3.7%           | 3.7%           | 3.7%           | 3.7%           | 3.7%            |
| PPO Rx                   | (25.4%)        | (25.4%)        | (25.4%)        | (25.4%)        | (25.4%)         |
| HMO Rx                   | (25.4%)        | (25.4%)        | (25.4%)        | (25.4%)        | (25.4%)         |
| Tiered Network Rx        | (21.1%)        | (21.1%)        | (21.1%)        | (21.1%)        | (21.1%)         |
| <b>Total</b>             | <b>(0.6%)</b>  | <b>(0.6%)</b>  | <b>(0.6%)</b>  | <b>(0.6%)</b>  | <b>(0.6%)</b>   |
| <b>Early Retirees</b>    |                |                |                |                |                 |
| PPO Medical              | 9.8%           | 9.8%           | 9.8%           | 9.8%           | 9.8%            |
| HMO Medical              | 9.8%           | 9.8%           | 9.8%           | 9.8%           | 9.8%            |
| PPO Rx                   | (17.9%)        | (17.9%)        | (17.9%)        | (17.9%)        | (17.9%)         |
| HMO Rx                   | (17.9%)        | (17.9%)        | (17.9%)        | (17.9%)        | (17.9%)         |
| <b>Total</b>             | <b>4.1%</b>    | <b>4.1%</b>    | <b>4.1%</b>    | <b>4.1%</b>    | <b>4.1%</b>     |
| <b>Medicare Retirees</b> |                |                |                |                |                 |
| PPO Medical              | (57.7%)        | (57.7%)        | (57.7%)        | (57.7%)        | (57.7%)         |
| HMO Medical              | (27.6%)        | (27.6%)        | (27.6%)        | (27.6%)        | (27.6%)         |
| PPO Rx                   | (18.8%)        | (18.8%)        | (18.8%)        | (18.8%)        | (18.8%)         |
| HMO Rx                   | (18.8%)        | (18.8%)        | (18.8%)        | (18.8%)        | (18.8%)         |
| <b>Total</b>             | <b>(32.6%)</b> | <b>(32.6%)</b> | <b>(32.6%)</b> | <b>(32.6%)</b> | <b>(32.6%)</b>  |
| <b>Grand Total</b>       | <b>(3.5%)</b>  | <b>(3.5%)</b>  | <b>(3.5%)</b>  | <b>(3.5%)</b>  | <b>(3.5%)</b>   |