SHBP PDC RESOLUTION # 2026-2

RESOLUTION OF THE STATE HEALTH BENEFITS PLAN DESIGN COMMITTEE TO URGE THE STATE HEALTH BENEFITS COMMISSION AND DIVISION OF PENSIONS AND BENEFITS TO ENHANCE CLAIMS REVIEW

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

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

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

WHEREAS, the State Health Benefits Commission (SHBC) contracts with third party administrators to provide networks and administer the medical claims for the SHBP's plans; and

WHEREAS, the current third-party administrators for medical services are Horizon and Aetna; and

WHEREAS, since 2022 the premium costs for medical claims and services have increased over 60% for the state group and over 100% for the local government group, creating an affordability crisis for the budgets of public employers, public employees, and taxpayers; and

WHEREAS, as of October 2025, claims review has saved over $247 million for SHBP state and local government groups by reviewing claims pre-pay and post-pay; and

WHEREAS, there is public record of disputes over overcharging for medical services, which cost taxpayers millions and contribute to higher premium rates paid by participating employers and employees; and

WHEREAS, expansion of medical claims review will result in additional cost savings, prevention of improper payments, and recoupment of costs; and

WHEREAS, the Plan Design Committee recognizes action by the State Health Benefits Commission and Division of Pensions and Benefits may be necessary to implement certain reforms to how plans are managed, which will have a corollary effect on plan design decisions before the PDC; and

NOW THEREFORE, BE IT RESOLVED AS FOLLOWS:

The SHBP Plan Design Committee hereby urges the State Health Benefits Commission and Division of Pensions and Benefits to undertake all reasonable and necessary actions to implement

the following reforms and changes to the State Health Benefits Plan for both State and Local Government groups as soon as feasibly possible:

1. The State and SHBP governance bodies, including the SHBC and PDC, should undertake all reasonable and necessary actions to set mandatory minimums in policy and regulation for review of medical claims to ensure proper payments are made by the Plan as follows:

    a. Mandatory algorithmic review of 100% of claims, including out-of-state claims.
    b. Mandatory medical review of all medical claims over $150,000
    c. Mandatory medical review of not less than 50% of all out-of-state claims
    d. Mandatory medical review of not less than 25% of all in-state claims
    e. Mandatory review for upcoding of emergency department claims, and professional observation and management claims

2. The SHBC and DPB should undertake all necessary steps to ensure claims and reimbursement rate data is collected and analyzed from each medical TPA.

3. The Plan Design Committee urges support of legislative or regulatory reforms, if necessary, to ensure collection of reimbursement rate and claims information to facilitate accurate and complete information for claims review.

4. This Resolution shall apply to all SHBP Plans offered to state employees and to local governments.

5. The Plan Design Committee refers this Resolution to the State Health Benefits Commission and urges it to approve and take all necessary steps to fully implement this Resolution to impact Plan Year 2027.

DATED: _____