

SHBP PDC RESOLUTION # 2026-4

RESOLUTION OF THE STATE HEALTH BENEFITS PLAN DESIGN COMMITTEE TO CAP MEDICAL DRUG PRICES AND TO STUDY AN EFFECTIVENESS BASED FORMULARY

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

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

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

WHEREAS, the State Health Benefits Commission (SHBC) contracts with a pharmacy benefit manager (PBM) to administer the pharmacy claims for the SHBP's plans; and

WHEREAS, with the exception of the Medicare Advantage plans, the SHBP's current PBM is OptumRx ("OptumRx");

WHEREAS, the costs for prescription drug benefits continue to increase significantly, which has strained the budgets of the State and local employers and caused increased costs to Members; and

WHEREAS, the major objectives of the SHBP Plan Design Committee (PDC) are to 1) contain costs for the Plan and its Members, while also 2) minimizing significant Member disruption; and 3) enhance the clinical quality of medications covered on the plan;

NOW THEREFORE, BE IT RESOLVED AS FOLLOWS:

The SHBP Plan Design Committee (PDC) establishes a process for capping medical drug prices at a percentage of average sale price.

1. This Resolution shall apply to all SHBP plans offered to state employees and to local governments.
2. The PDC and State Health Benefits Commission (SHBC) shall work jointly, within their respective legal authorities and with support from consultants and DPB resources as needed, to study the costs, potential savings, and impact on members of capping the price paid for medical drugs at a percentage of average sale price. The reports of this study shall be presented to each SHBC governing body by March 15, 2027.

3. The Plan Design Committee urges the SHBC and the Division of Pensions and Benefits to undertake all necessary steps, including but not limited to any procurement process deemed necessary or advisable, in the most expeditious and cost-effective manner possible, with the goal of implementing caps on medical drugs at 120% of average sale price, or another cap as deemed appropriate by the SHBC, as soon as possible to affect Plan Year 2027. Such steps may include and may require separate formal adoption of this resolution by the SHBC to initiate implementation by the State.

DATED: _____