SHBP PDC RESOLUTION # 2026-6

RESOLUTION OF THE STATE HEALTH BENEFITS PLAN DESIGN COMMITTEE TO CREATE A NEW PLAN SHBP FOR STATE AND LOCAL GOVERNMENT WITH STANDARDIZED ALLOWANCES FOR HOSPITALIZATION AND MEDICAL SERVICES

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;

WHEREAS, other states have successfully implemented reference-based pricing for hospitalization and medical services, showing proven results to reduce premium costs for employers and employers;

WHEREAS, effective January 1, 2012, and notwithstanding any other provision of law to the contrary, pursuant to N.J.S.A. 52:14-17.29(J), the SHBP Plan Design Committee has "the sole discretion to set the amounts for maximums, co-pays, deductibles, and other such participant costs for all plans offered" by the SHBP; and

WHEREAS, pursuant to N.J.S.A. 52:14-17.29(D), the SHBP Plan Design Committee finds it in the best interest of the State, local employers, and employees, to standardize the allowances paid by the SHBP for in-network hospital and medical services, using a reference-based price; and

NOW THEREFORE, BE IT RESOLVED AS FOLLOWS:

The SHBP Plan Design Committee establishes a new plan to be offered to State and Local Government groups that includes standardized allowances for all in-network hospitalization and medical services.

1. This Resolution shall apply to all SHBP-State and to SHBP-Local Government groups.

2. The State shall establish a new plan effective Plan Year 2027 to be administered by the medical TPAs which shall require in its plan design that the SHBP shall reimburse a claim for the cost of an in-network hospital service or supply in an amount not to exceed 200% of the Centers for Medicare and Medicaid Services allowance

3. The State shall establish a new plan effective Plan Year 2027 to be administered by the medical TPAs which shall require in its plan design that the SHBP shall reimburse a claim for the cost of an in-network service or supply provided by an in-network medical provider in an amount not to exceed 200% of the Centers for Medicare and Medicaid Services allowance

4. **The actual reimbursement amount for each claim from a hospital or a medical provider shall be the lesser of the billed charges, the contracted rate for the service or supply, or the maximum applicable reimbursement amount as a percentage of CMS allowances referenced in this Resolution.**

5. **The State shall require in this plan designs and contracts with third-party administrators that a hospital or medical provider that is reimbursed under the SHBP shall not bill or collect from a covered employee or employee's covered dependent an amount in excess of any deductible, copayment, or coinsurance amount applicable to in-network under the plan**.

6. The Plan Design Committee directs the Division of Pension and Benefits to take all necessary steps to implement this Resolution for the commencement of Plan Year 2027.

DATED: _____