SHBP PDC RESOLUTION # 2026-7

RESOLUTION OF THE STATE HEALTH BENEFITS PLAN DESIGN COMMITTEE TO STANDARDIZE THE OUT-OF-NETWORK REASONABLE AND CUSTOMARY ALLOWANCE FOR LOCAL GOVERNMENT

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 third-party claims administrators ("TPA") to administer the claims for the SHBP's plans; and

WHEREAS, with the exception of the Medicare Advantage plans, the SHBP's current TPAs are Horizon Healthcare Services Inc. ("Horizon") and Aetna ("Aetna");

WHEREAS, the SHBP currently offers the following preferred provider organization ("PPO") plans (herein the "SHBP PPO Plans") administered by Horizon and Aetna: (a) NJ Direct 10 and Freedom 10; (b) NJ Direct 15 and Freedom 15; (c) NJ Direct 1525 and Freedom 1525 (d) NJ Direct 2030 and Freedom 2030; (e) NJ Direct 2035 and Freedom 2035; (f) CWA Unity DIRECT and CWA Unity Freedom; (g) CWA Unity DIRECT2019 and CWA Unity Freedom 2019; (h) NJ DIRECT and Freedom; and (i) NJ DIRECT2019 and Freedom 2019; (j) 26 NJ Direct 10 and 26 Freedom 10; (k) 26 NJ Direct 15 and 26 Freedom 15; (l) 26 NJ Direct 1525 and 26 Freedom 1525 (m) 26 NJ Direct 2030 and 26 Freedom 2030; (n) 26 NJ Direct 2035 and 26 Freedom 2035; (o) 26 CWA Unity DIRECT2019 and 26 CWA Unity Freedom 2019; (p) 26 NJ DIRECT and 26 Freedom; and (q) 26 NJ DIRECT2019 and 26 Freedom 2019; and

WHEREAS, the out-of-network allowances for the SHBP PPO Plans are not uniform; and

WHEREAS, prior to the creation of the SHBP Plan Design Committee, pursuant to L. 2007, c. 103, § 23, codified as N.J.S.A. 52:14-17.29(C)(3), the out-of-network "[r]easonable and customary charges" also known as the out-of-network reasonable and customary allowance for the successor plan (now known as the NJ Direct 10 and Freedom 10 plans) and the traditional plan (now known as the NJ Direct 15 and Freedom 15 plans) was set by statute as the "90th percentile of the usual, customary, and reasonable (UCR) fee schedule determined by the Health Insurance Association of America or a similar nationally recognized database of prevailing health care charges"; and

WHEREAS, on August 31, 2020, the SHBP Plan Design Committee adopted Resolution 2020-7, which set the out-of-network reasonable and customary allowance for the NJ Direct 10 and the NJ Direct 15 plans as the 90th Percentile of FAIR Health national benchmark; and

WHEREAS, the out-of-network reasonable and customary allowance for the NJ Direct 1525 and Freedom 1525, the NJ Direct 2030 and Freedom 2030, and the NJ Direct 2035 and Freedom 2035 plans, and the corresponding "26" versions of those plans, is also the 90th Percentile of FAIR Health national benchmark; and

WHEREAS, the out-of-network reasonable and customary allowance for the 26 CWA Unity DIRECT and 26 CWA Unity Freedom, 26 CWA Unity DIRECT2019 and 26 CWA Unity Freedom 2019, 26 NJ DIRECT and 26 Freedom; and 26 NJ DIRECT2019 and 26 Freedom 2019 plans offered to State members is 175% of the Centers for Medicare and Medicaid Services ("CMS") allowance; and

WHEREAS, the out-of-network reasonable and customary allowance of the 90th Percentile of FAIR Health national benchmark is frequently substantially higher than the reimbursement the SHBP's in-network providers receive; and

WHEREAS, the SHBP Plan Design Committee wishes to promote uniformity between the plans, encourage members to use in-network providers, incentivize providers to join the SHBP's networks, and lower plan costs; and

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 out-of-network reasonable and customary allowance for the SHBP PPO Plans using the same reference-based price.

NOW THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. Effective January 1, 2027, the out-of-network reasonable and customary allowance for all of the SHBP PPO Plans offered to all ~~State and~~ Local Government members shall be 175% of the CMS allowance.
2. The SHBP will not reimburse any amount greater than the out-of-network reasonable and customary allowance referenced within this resolution. A member shall not be billed and shall not be responsible for any amount above the reasonable and customary allowance ~~will be the responsibility of the member, in addition to~~ except for any deductible and coinsurance the member may be required to pay.
3. The SHBC and State shall undertake all necessary actions to implement this Resolution, including regulatory or legislative reforms to protect members from balance billing.

DATED: September 1. 2026