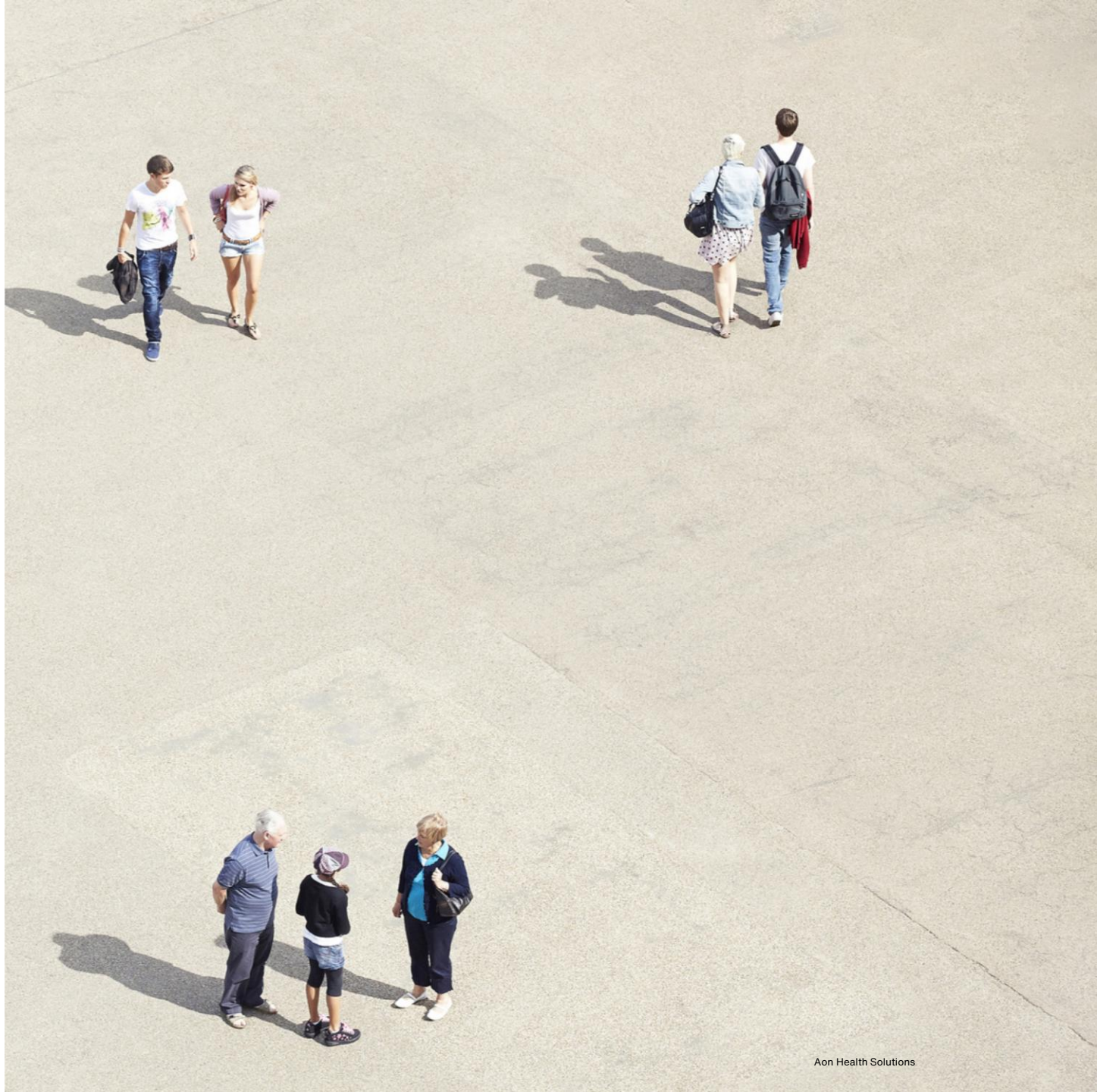
SEHBP PDC

Plan Design Considerations

State of New Jersey

August 17, 2026



Potential Plan Changes to Drive Savings

Provide Employees More Impactful Plan Choice

- The PPO10 and PPO15 sit so close in Actuarial Value to the NJEHP and GSHP that employees see little real difference between them. Eliminating the PPO10 and PPO15, paired with a new lower-value option such as a high-deductible plan, creates two paths to savings:
    - Migration savings: the NJEHP and GSHP carry higher copays, more tightly managed networks, and a more restrictive formulary than the PPO10 and PPO15, so members who move into them lower gross plan cost.
    - Choice savings: pairing a more affordable HDHP with the higher-value NJEHP gives employees a more differentiated choice and saves additional gross dollars

Create Further Differentiation in Copays for both Medical and Rx Services

- For medical, includes greater differentiation between PCP, Specialist, ER, and Urgent Care copays. For Rx, includes greater differentiation between Generic, Brand Preferred, Brand Non-Preferred, and Specialty copays.
- In addition to plan savings through higher member cost sharing, creating further differentiation through copay increases could steer members toward more appropriate use of care resulting in additional savings.

Implement a Coinsurance on Services Not Subject to a Copay

- Most in-network services that are not subject to a copay are covered at no cost share including high-cost services. For example, Inpatient stays, OP surgery, and advanced imaging are covered at no cost to members across all plans.
- In addition to plan savings through higher member cost sharing, creating further differentiation through cost share increases could steer members toward more appropriate use of care resulting in additional savings.

Increase In-Network and Out-of-Network Deductibles and Out-of-Pocket Maximum Amounts

- Increase the plan in-network and out-of-network medical deductibles and increase the in-network and out-of-network out-of-pocket maximums. This provides savings through higher member cost sharing while also promoting in-network utilization.

Add Physical Therapy Visit Limits Across All Plans

- Limit the number of in-network and out-of-network visits to 30 per year. This cap will not only limit visits for high utilizers, providing savings, but may also promote more appropriate use of care.

Potential Plan Changes to Drive Savings (Cont.)

Update Out-of-Network (OON) reimbursement to 175% of CMS across all plans

- Change is intended to improve provider accountability, pricing transparency, and more tightly manage plan cost over a longer period-of-time. While this would not impact network access for members as the change is tied to the financial reimbursement the State is willing to pay for certain services, reducing the OON reimbursement may result in a higher percentage of members receiving bills from providers for the additional cost of services, also known as balance billing.

- This change is expected to yield savings both through limiting the allowed amount the State is willing to pay for these procedures and through a long-term effect of steering participants towards in-network (INN) providers, which could reduce costs further due to competitive negotiated rates.

Eliminate the Medicare Supplement Plans

- Elimination of all Medicare Supplement plans offered to Medicare employees, which will require retirees to elect one of the four Medicare Advantage options.

Implement a Closed Formulary Across All Applicable Plans

- A closed formulary will promote more appropriate use of care and provide more restrictive cost controls on prescription drugs resulting in additional savings.

Thank You