



Impact and Implementation of Chapter 44

NJSBA Spring Education Symposium

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Presented by:

**Alicia Schauer, Business Administrator,
Montgomery Township BOE**

Thomas J. Tafuri, Vice President

Mary Muscarella, CEBS, Assistant Vice President

Brown & Brown Insurance

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- **Chapter 44 mandates specific benefit features for the New Jersey Educator Health Plan (NJ EHP). Plan design details for certain carriers and administrators may vary based on ACA requirements, New Jersey Department of Banking & Insurance regulations, or claims processing system limitations.**
- **Please contact your Business Office for any questions regarding collective bargaining rights and responsibilities.**

Agenda

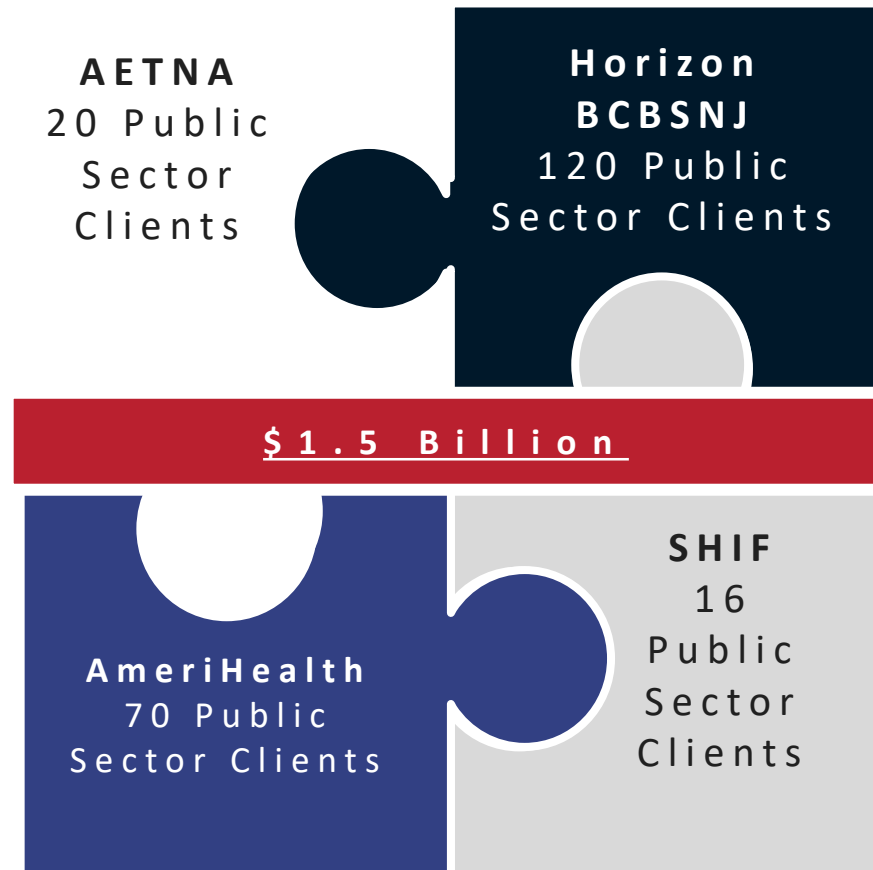
- Brown & Brown Snapshot
- New Jersey BOE Medical Marketplace
- NJPL Chapter 44
- NJ EHP: The Trade Off
- 2021 Special Enrollment Period
- Garden State Health Plan
- Mitigate the Impact
- Questions

Brown & Brown Snapshot

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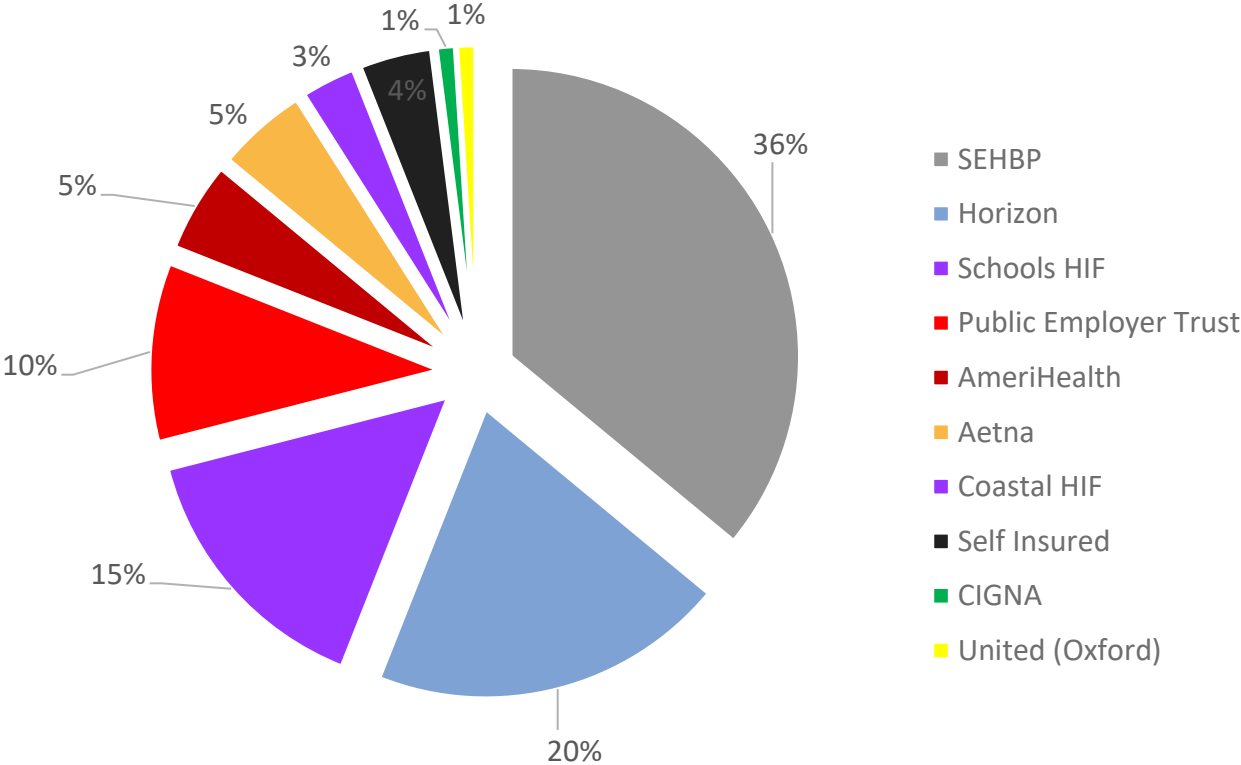
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New Jersey BOE Medical Marketplace

Estimated Market Share as of 4/1/21 for 583 BOEs



NJPL 2020 Chapter 44

- **SEHBP Districts**: All medical plans other than Direct 10 and Direct 15 were eliminated 1/1/21. New “NJ Educators Health Plan” (NJ EHP) offered for 1/1/21.
- **Non-SEHBP Districts**: Can keep their locally-bargained plan menu, but must offer an equivalent of NJ EHP 1/1/21.
- New hires as of 7/1/20 or later must be enrolled in NJ EHP 1/1/21 through 12/31/27 (7 years).
- Employees in NJ EHP will realize automatic salary-based contributions roughly half the dollar contribution value of Chapter 78 Phase 4. The NJ EHP salary-based contributions could save employees up to \$4,700 annually (gross).

NJ EHP: The Trade Off

- Chapter 44/NJ EHP limits the maximum allowed amount for certain pain management services delivered by out-of-network (OON) providers:
 - Acupuncture: \$60
 - Chiropractic: \$35
 - Physical Therapy: \$52

- Many, if not most, pain management providers will “balance bill” members for charges above these relatively low limits.

- OON provider balance billing does not accumulate towards maximum out-of-pocket limit.

- OON reimbursement fee schedule is based on 200% of what Medicare allows, which is less than the typical reimbursement fee schedule (90th percentile of FAIR Health).

NJ EHP: The Trade Off

- **NJ EHP Rx Drug coverage may require these cost management protocols:**
 - **Exclusionary (“closed”) formulary, which will impact 20% of all school district employees, who will have to change medication from one brand to another or pay 100% of the cost differential*.**
 - **Mandatory generic substitution, which will impact 8% of all school district employees, who will have to change medication from brand to generic or pay 100% of the cost differential (appeal process available)*.**
 - **Step Therapy, which will impact 25% of all school district employees, which requires that the patient be treated sequentially with more than one medication in certain drug classes, beginning with the least expensive, with prior approval required to “step” up to more expensive medications*.**
 - **Mandatory Mail Order for Specialty Medications, which will impact 2% of school district employees*.**

*Source: Benecard Services, Inc. analysis of 100,000 school employees’ rx drug utilization, 10/2/2020

2021 Special Enrollment Period

County	Total Eligible	Keep Current Plan	Continue to Waive	# Select NJEHP	% Select NJEHP
Bergen	225	153	41	31	17%
Essex	1163	631	241	203	24%
Hunterdon	2256	1349	466	441	25%
Mercer	1230	595	256	379	39%
Middlesex	1707	1050	362	295	22%
Monmouth	958	804	121	33	4%
Morris	661	333	154	174	34%
Somerset	1319	870	252	197	18%
Sussex	603	358	133	113	24%
Warren	214	80	70	66	45%
Total	10,336	6,223	2,096	1,932	24%

- **Results are shown across 35 school districts.**
- **Average NJ EHP enrollment was 24%.**
- **SEHBP NJ EHP enrollment was 36%, per the Division of Pensions and Benefits SEHBP Plan Design Committee meeting 4/19/21.**

Garden State Health Plan

- Another new plan, the Garden State Health Plan (GSHP), will be offered for an effective date of 7/1/21. ***** S3487 may impact GSHP roll out *****
- All employees, including those hired after 7/1/20, are eligible to join the GSHP.
- GSHP will have benefits identical to NJ EHP, a NJ-only provider network (instead of a national network), and payroll deduction even lower than NJ EHP.

Mitigate the Impact

➤ What is the impact?

- Loss of employee contributions (50% for NJ EHP, 75% for GSHP).

➤ Section 8 States: “with regard to employers that have collective negotiation agreements in effect...that include health care benefits coverage when the net cost to the employer is lower than the cost to the employer [of the EHP], the employer and the majority representative shall engage in collective negotiations over the financial impact of the difference.”

➤ Alternatives to delivering traditional employee benefits

- The Public Employer Trust, a Brown & Brown proprietary pooled risk arrangement
- Health Insurance Funds
- Self-Insured (larger districts 200+)



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THANK YOU

For more information, please contact:

Thomas J. Tafuri

Vice President

E: ttafari@bbmetro.com

C: 908-692-4850

Mary Muscarella, CEBS

Assistant Vice President

E: mmuscarella@bbmetro.com

C: 908-763-6083

