

# Chapter 44:

## New Jersey Educators Health Plan

### TEAM FINN

Brown & Brown Insurance  
October 15, 2020 – November 13, 2020



Employee Benefits Consulting & Brokerage | Labor Relations & Human Resources Support  
Client Services & Claims Adjudication | Compliance & Regulatory Guidance | Enrollment & Decision Support Technology



# Disclaimer

- **Brown & Brown Insurance provides this presentation in our capacity as group insurance brokers, consultants, and employee benefits advisors. The information contained herein is our interpretation of how the legislation referenced will impact our clients and their employees. It should not be construed as legal advice or advice on medical/rx drug plan selection.**
- **Brown & Brown Insurance neither warrants nor guarantees any estimates of the financial impact of this legislation on any client district or employee**
- **Chapter 44 mandates specific benefit features for the New Jersey Educator Health Plan (NJEHP). 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 or Human Resources Department for any questions regarding collective bargaining rights and responsibilities**



# Discussion Items

- **Brown & Brown Insurance**
- **NJPL 2020 Chapter 44**
- **NJEA FAQ**
- **New Jersey Educators Health Plan (NJEHP)**
- **NJEHP: Special Considerations**
- **“An Affirmative Selection Process”**
- **“Side-by-Side” Plan Menu Comparison**
- **Brown & Brown Payroll Deduction Calculators: Chapter 44 & Chapter 78**
- **What Happens Next?**
- **Additional Resources**

# Brown & Brown Insurance

## Who Are We?

We are group insurance brokers, advisors, and consultants. We specialize in New Jersey public employers. We put our clients first...always.

## What Do We Do?

We design, market, and manage employee benefit plans using “best practices” and a culture of ethics consistent with our values.



## What Are Our Credentials?

- Representing **320** NJ school districts (**52%** of the marketplace)
- Relationships with over **30** insurance carriers, TPAs, and PBMs
- Teams chaired by industry leaders with avg. of **25+** years experience
- Subsidiary of Brown & Brown, Inc. (NYSE: BRO)
- **10,000** employees and **290** offices worldwide



## NJPL 2020 Chapter 44

- **SEHBP Districts**: All medical plans other than Direct 10 and Direct 15 to be eliminated 1/1/21. New “NJ Educators Health Plan” (NJEHP) offered for 1/1/21, and a NJ-only-network plan, the “Garden State Health Plan” (GSHP), will be offered 7/1/21.
- **Non-SEHBP Districts**: can keep their locally-bargained plan menu, but must offer an equivalent of NJEHP 1/1/21 and GSHP 7/1/21
- GSHP is equivalent benefits to NJEHP, except for a “NJ only” provider network
- Employees in NJEHP will realize automatic salary-based contributions roughly half the dollar contribution value of Chapter 78 Phase 4. The NJEHP salary-based contributions could save employees up to \$4,700 annually (gross). GSHP salary contribution percentages will be half of those for NJEHP.
- Requires employee contribution in NJEHP be no greater than Chapter 78
- New hires as of 7/1/20 or later must be enrolled in NJEHP 1/1/21 through 12/31/27 (7 years), unless they choose the GSHP to be offered as of 7/1/21
- Pre-Medicare retirees, current and future, will be enrolled in NJEHP 1/1/21
- Nothing about the law changes how districts administer health plan waivers

# NJEA FAQ

- NJEA has developed a very helpful “FAQ”
- <https://www.njea.org/sehbp-and-ch-78-relief-frequently-asked-questions/>
- Topics include:
  - What is changing?
  - What plans will be available to me as of Jan. 1, 2021?
  - What will the premium sharing be for these plans?
  - How is the NJEHP different from my current plans?
  - Can I try the NJEHP for a year?
  - Will this law affect my ability to select a benefits waiver instead of insurance?
  - Can I still see my doctor in the NJEHP?
  - What is a closed formulary?
  - What if I can't take the generic medication?

# New Jersey Educators Health Plan (NJEHP)

- See enclosed separate PDF document

# NJEHP: Special Considerations

- Chapter 44/NJEHP payroll deduction savings vs. Chapter 78 payroll deduction are typically shown as gross, pre-tax dollars. The net, spendable dollars will depend on your paycheck withholding, which typically ranges from -20% to -35%.
- **Example:**
  - Current annual pre-tax payroll deduction Chapter 78, Phase 4: \$8,280
  - New annual pre-tax payroll deduction Chapter 44: \$4,125
  - Annual gross savings: \$4,155
  - Annual net savings: \$2,908
  - Per paycheck net savings: \$ 145
- **Assumes the following:**
  - Annual salary of \$75,000
  - 20 pay periods annually
  - Family coverage
  - \$3,000 monthly family premium rate (medical + rx drug)
  - 30% combined withholding: FIT, FICA, NJIT, & NJSDI

# NJEHP: Special Considerations

- **NJEHP 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 Speciality Medications**, which will impact **2%** of school district employees\*
- **Failure to follow these features could result in hundreds or thousands of additional, uninsured expenses for employees**

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

## **NJEHP: Special Considerations**

- **Chapter 44/NJEHP limits the maximum amount eligible 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” you for charges above these relatively low limits.**
- **OON provider balance billing does not accumulate towards maximum out-of-pocket limit**

# NJEHP: Special Considerations

- NJEHP limits out-of-network (OON) provider reimbursement, known as “reasonable & customary” (R&C), to 200% of what Medicare would allow, much lower than the typical NJ school plan
- Provider charges above 200% of Medicare allowance are completely YOUR financial responsibility and do not accumulate towards your plan’s annual maximum out-of-pocket (MOOP) limit

What Are Some Examples of Your Financial Responsibility Under NJEHP?		New Brunswick, NJ Zip 08901	Typical NJ School Plan “R & C”**	NJEHP Medicare @200%**
Procedure	Code	Provider Charge*		
Office Visit	99213	\$287	\$57	\$197
Chiropractic	98940	\$170	\$34	\$130
IV Chemo. (X 8)	96413	\$2,640	\$528	\$768
Mastectomy	19307	\$8,703	\$1,741	\$6,513
Knee Replaced	27447	\$18,831	\$3,676	\$15,921

\*Source: FAIR Health consumer website: [www.fairhealthconsumer.org](http://www.fairhealthconsumer.org)

\*\*Assumes “Typical NJ School Plan” OON R&C set at 90<sup>th</sup> percentile of FAIR Health database. Assumes OON deductible met and 80% coinsurance for typical plan vs. 70% coinsurance for NJEHP.

## **“An Affirmative Selection Process”**

- **“An affirmative selection process” is required for all BOE employees hired prior to 7/1/20. Employees hired prior to 7/1/20 who do not actively re-select their current plan must be automatically enrolled in NJEHP 1/1/21.**
- **How will this work?**
  1. **This is a “special enrollment,” not an “open enrollment.” Your choice for 1/1/21 through 6/30/21 (if hired prior to 7/1/20) is to either keep the plan you have now or select the NJEHP. No movement in or out of other plans.**
  2. **This special enrollment timeframe is 10/15/20 to 11/13/20**
  3. **Email communication, important documents, and a response form will be sent to you by your employer each week for 4 weeks**
  4. **Failure to complete the paper form by FRI 11/13/20 will result in automatic enrollment in the NJEHP 1/1/21, but employees hired prior to 7/1/20 retain their Spring open enrollment rights for 7/1/21 (if applicable)**

## **“Side-by-Side” Plan Menu Comparison**

- **See enclosed separate PDF document**

# Brown & Brown Payroll Deduction Calculators:

## Chapter 44 & Chapter 78

- <https://bbmetro.com/employee-benefits/public-sector/employee-benefit-contribution-calculators/>
- Compare your payroll deduction under NJPL 2011 Chapter 78 vs. NJPL 2020 Chapter 44
- The lesser of Chapter 44 or Chapter 78 determines your payroll deduction if you enroll in NJEHP

## What Happens Next?

- **Another new plan, the Garden State Health Plan (GSHP), will be offered for an effective date of 7/1/21. Details to follow in Spring 2021.**
- **All employees, including those hired after 7/1/20, are eligible to join the GSHP.**
- **GSHP will have benefits identical to NJEHP, except in-network services are limited to a NJ-only provider network (instead of a national network), and payroll deduction even lower than NJEHP**

# Additional Resources

- **NJEA Regional Offices:**
  - <https://www.njea.org/about/regional-offices/>
- **NJEA FAQ:** <https://www.njea.org/sehbp-and-ch-78-relief-frequently-asked-questions/>
- **NJEA Chapter 44 Webinars (login required):**
  - <https://www.njea.org/register-for-webinar-on-upcoming-healthcare-changes/>
- **Your District's Business Office or Human Resources Office**
- **Brown & Brown Insurance**
  - Paul McGowan**
  - Account Specialist**
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