

Understanding the SEHBP rate increase

PROTECTING QUALITY, SEEKING EFFICIENCY

On Jan. 1, 2018, the School Employees Health Benefits Program (SEHBP) will begin a new plan year. There are no plan design changes or reductions in plan quality for 2018; you may keep your exact same plan if you wish, or you can change to a new plan during open enrollment in October 2017. While there are no plan design changes, the SEHBP will experience a 13 percent rate increase in the medical plans and a 13.3 percent rate increase in the prescription plans for active members. Members who receive their health insurance through their district are mandated under Chapter 78 to pay a portion of the

premium cost from each paycheck. As a result, members will be absorbing some of the increased costs.

NJEA has representatives on the School Employees Health Benefits Commission (commission) as well as the School Employees Health Benefits Plan Design Committee (Design Committee). Both bodies have important roles in the functioning of the SEHBP—the commission is responsible for overseeing the administration of the plan, while the Design Committee is responsible for monitoring the plan design and making any changes, when necessary.

PROTECTING QUALITY OF CARE, PREVENTING COST SHIFTING

For 2018, the Design Committee was approached by the state with recommendations for shifting additional health care costs to employees in an attempt to save on premium costs. The changes that the state suggested would have lowered premiums slightly by requiring members pay more for their health care in the form of higher copayments, higher coinsurances, and increased deductibles. This is referred to as cost-shifting, which has long been opposed by NJEA because it hurts members while doing nothing to deal with the underlying problem of skyrocketing health care costs.

Some of the suggestions from the state included replacing the current in-network system with a tiered network structure, which threatened to reduce members' access to their doctors or make visiting those doctors much more expensive. The state also proposed increasing the emergency room copayment, mandating generic prescriptions, eliminating certain brand-name prescriptions and limiting out-of-network benefits for chiropractic/acupuncture treatment and physical therapy. All of those modifications would have represented drastic changes to the benefit levels for members and would have shifted costs to the employee. Further, the state's actuaries estimated that implementing all of those proposed changes to the plan would have resulted in only approximately 4.7 percent savings—ultimately turning the 13 percent increase to about an 8.3 percent increase.

In reviewing the impact of the proposed changes, the Design Committee, including and NJEA's representatives,

opted to keep all current benefit levels the same, because a member switching from NJ Direct 10 to NJ Direct 15 could save approximately the same amount in his or her mandated Chapter 78 insurance deductions while experiencing less impact on the cost of care and access to providers. Additionally, members who wished to maintain exactly the same benefit level had the option to do so.

NJEA believes such choices about health care coverage should be made by the individual employees, not mandated for everyone. NJEA does not believe in cost shifting health insurance benefits. Instead, measures should be taken to reduce the overall costs of care instead of shifting additional costs to members.

The State Health Benefits Program (SHBP), which insures state workers, has opted to make many of the proposed plan design changes that the SEHBP rejected. Over the years, SHBP enrollees have seen a loss of Direct 10 benefits, the introduction of tiered networks, mandatory generic prescriptions, increases in out-of-pocket costs, and Medicare Advantage for retirees. As a result of these changes, premiums are currently somewhat lower. However, members are paying more at the point of care due to the cost-shifting. Ultimately, we believe those efforts to reduce premiums through continual cost shifting are unsustainable, temporary, and not an effective way to reduce the cost of care. Without making drastic changes to the way health care is delivered, premiums will continue to rise no matter how much the SHBP or SEHBP cut benefits for subscribers.

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PROACTIVE MEASURES TO CONTROL HEALTH CARE COSTS

NJEA has led the way in recent years on efforts to reduce the cost of health care. Both the SEHBP and SHBP have implemented measures that result in cost containment without compromising care and benefit levels. In 2016, both plans put limitations on the use of compound medications that do not have a clinical benefit. Prior to this modification, compound prescription costs were rising by nearly 200 percent each year. The changes affected less than 2 percent of members and each of those members continues to have access to medications that are equally clinically effective.

At the same time, both the SEHBP and SHBP adopted the Direct Primary Care Medical Home pilot program for all members enrolled in SEHBP/SHBP PPO plans. This program gives members and their dependents an enhanced primary care experience with physicians who know them and will work with them to meet their health needs and goals. There is little or no wait time in the doctor's office and enrolled members have 24/7 access to their physician via phone, secured email, and the health app. This program is offered at no additional cost and there are no copays. Members can try the program risk-

free with no out-of-pocket expense. Similar programs in other states have helped stabilize premiums and NJEA expects similar results as more members see the benefits of participating in that patient-centered approach.

Earlier this year, the SEHBP and the SHBP took the initiative in changing the way that the state handles bids for prescription drug coverage, implementing an electronic bidding process that greatly reduces costs. By streamlining bidding for prescription drugs and making those bids far more transparent, the state is expected to save \$1.6 billion over the next three years.

Those three changes (limiting overuse of compound medications, patient-centered direct primary care, and electronic bidding for prescription drugs) are all ways to reduce cost without harming the quality of care or shifting additional costs onto employees.

NJEA will continue to advocate for affordable access to high-quality health care for NJEA members. NJEA will also continue to lead the way in advocating reforms that can help control the cost of health care for all New Jersey residents.