

# Health Benefit Changes

State Health Benefits Plan  
Fall 2015 and January 2016

- **Moderate Premium Increases** -- on average rates will increase by 4.5% for state employees and 6.0% for local government workers though the actual premiums for family and employee/child coverage will increase more than single and employee/spouse/partner coverage.

- **Pilot Project - Direct Primary Care Medical Homes (voluntary)** -- union members, early retirees, and family members in any non-HMO plan can join this new pilot program any time during the year. It features *no copays* for members and dependents and 24/7 access to a physician.

The patient load for doctors will be reduced from the typical level of 2500 patients per doctor to less than a 1000 per doctor allowing for much more regular interaction between patient and doctor, especially allowing doctors to provide more help to those with chronic conditions.

We anticipate that these intensive primary care efforts will keep members healthier, improve the quality of healthcare, and produce significant savings by reducing the need for specialist referrals, ER visits, and hospital admissions.

The pilot will operate for three years with a goal of 60,000 members participating among south, central and northern pilots. The quality and cost of the pilot will be evaluated by an independent group with the option to expand the effort if it is successful.

This was a union developed initiative that we believe will improve health quality and achieve both immediate and long-term savings for members.

Participation by members in the pilot is *entirely voluntary and the member retains the ability to visit any specialist or facility while participating in the pilot*. The pilot starts on April 1, 2016.

- **New Horizon & Aetna Tiered (limited) Network Options** – this new option will be available starting on 1/1/16 to members who are seeking a lower premium plan. Members can choose this option during open enrollment-- *no one will be compelled to join*.

The Tiered (aka Narrow or Limited) Network plan will have two tiers of coverage – a smaller tier 1 network for full coverage and a tier 2 network that includes all current NJ Direct providers but with much higher copays, co-insurance (20% by member), deductibles (\$1500), and maximum out of pockets (\$4500) than in Tier 1.

*Like an HMO, the tiered network plan will have **no out of network coverage***. However, any participant that goes to a Tier 1

hospital or facility is guaranteed no balanced billing from an out of network doctor working at the in-network hospital or facility.

This plan will cost *25% less than* NJ Direct 15, and is a better alternative to a High Deductible plan; however participants must be careful to be sure that their physician and necessary services are in the tier one network. The Tier One network will include 12 hospital systems with over thirty locations; located only in New Jersey.

This plan will not be for everyone. The Tiered Network option will feature sharply reduced (25%) member *premiums -- without cost shifting to members, if you're careful and use Tier One providers.*

- **Hepatitis C Drugs** -- effective October 1, 2015 we agreed to use a Step Therapy approach for the newest, very effective and very expensive Hepatitis C drugs. The drug for which Express Scripts negotiated significant cost reductions, Viekira Pak, will be the first choice for treatment. If it doesn't work, has side effects that are not tolerated, or there is a medical reason to use another drug, members can go on to another of the new medications.  
Members in a course of treatment with one of the other drugs prior to implementation of the new step therapy program will continue with that course of treatment.  
Since a course of the new Hepatitis C treatment costs around \$80,000 to \$90,000 and Express Scripts appears to be able to reduce these costs by nearly a third with step therapy, this was a smart move.
- **Limiting Compound Drugs** -- compound drug costs have exploded, rising over 1000% over three years primarily from boiler room type huckstering for creams that are supposed to stop pain. Very few of these compound drug treatments have been tested for effectiveness or safety. The use of these topical compound drugs will be significantly restricted. Compound drugs will still be available for those who cannot take an FDA approved drug by the normal means of delivery, are allergic to an ingredient, or whose medical conditions prohibits the use of the prescribed (non-compound) drug. The new rules will be implemented sometime in the Fall 2015. This change alone kept premiums about 2% lower than they would have been otherwise.
- **ER Copays** -- Emergency Room copays will go up \$25 effective 1/1/16 for all plans; however, the increased copay **is waived for all patients under the age of 19, for any patient referred to the ER by a physician, and for any patient admitted to the hospital within 24 hours.**
- **Chiropractic and Acupuncture Payments** -- in-network reimbursement for these two services will be increased to attract more in-network providers. Out of network reimbursement for these providers will be limited to 75% of the in-network reimbursement effective 1/1/16.