



Legislative Update

July 20, 2010

NJ Officials Issue 2011 Expected State Plan Benefit Increases

On July 14, 2010, the commissions that manage the State Health Benefits Program (SHBP) and the School Employees' Health Benefits Program (SEHBP) announced their intended rate increases beginning January, 2011. Click [here](#) for the web page that illustrates the preliminary evaluations and the expected rate increases. The SHBP applies to participating local governmental units. The SEHBP applies to local school districts and county colleges. New Jersey governmental and public educational entities have the voluntary ability to procure their employee benefits through these two separate plans or purchase coverage through the private market or via a joint insurance fund.

In January, 2010, the educational units received a 25% increase while governmental units received an 18% increase. Below are the rate increases summarized by plan as of January 2011:

Plan Design	Active Employees		Under 65 Retirees		Over 65 Retirees	
	SHBP	SEHBP	SHBP	SEHBP	SHBP	SEHBP
Direct Access 10	12.2%	8.5%	13.3%	3%	4%	0%
Direct Access 15	12.2%	8.5%	13.3%	3%	4%	0%
Aetna HMO	12.7%	12%	17.3%	3%	8.7%	0%
CIGNA HMO	12.2%	11.5%	16.8%	3%	8.2%	0%
Pharmacy	6.6%	4%	N/A	N/A	N/A	N/A
Average Change	11.6%	8.6%	14.3%	3%	4.5%	0%

According to state officials, the following factors influenced the above 2011 rate actions:

Factor	SHBP	SEHBP
Expected Active Employee Enrollment Fluctuation	-4%	-5%
Expected Retiree Enrollment Fluctuation	+2%	+1%
Impact of National Healthcare Reform Changes	+\$7 million in claims costs	+\$14 million in claims costs
Medical Trend	+10%	+9%

The State is expected to release a more detailed analysis from their consultants shortly. Conner Strong will notify clients as soon as the report is available and will continue to monitor such events as they become public.

Should you have questions, **please contact your Conner Strong account representative toll-free at 1-877-861-3220.**

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