

SHBP PDC RESOLUTION #2020-7

RESOLUTION OF THE STATE HEALTH BENEFITS PROGRAM PLAN DESIGN COMMITTEE

WHEREAS, pursuant to N.J.S.A. 52:14-17.29 et seq. the State Health Benefits Program (SHBP) provides health coverage to qualified employees and retirees of the State and participating local employers; and

WHEREAS, the SHBP was enacted in 1961 for the purpose of providing affordable health care coverage for public employees on a cost effective basis; and

WHEREAS, pursuant to 52:14-17.29 subsection (C) “[t]he contract or contracts purchased by the commission pursuant to subsection c. of section 4 of P.L.1961, c.49 (C.52:14-17.28) shall include the following provisions regarding reimbursements and payments...”[r]easonable and customary charges” means charges based upon the 90th percentile of the usual, customary, and reasonable (UCR) fee schedule determined by the Health Insurance Association of America or a similar nationally recognized database of prevailing health care charges.

WHEREAS, on December 12, 2012 the State Health Benefits Commission (SHBC) approved utilization of the Fair Health Index as a the database of prevailing health care charges;

WHEREAS, Horizon Blue Cross Blue Shield of New Jersey (Horizon BCBSNJ) is the current third party administrator for the SHBP and is the entity that subscribes to the Fair Health Index in order to determine reasonable and customary charges in accordance with N.J.S.A. 52:14-17.29 and the SHBC resolution dated December 12, 2012.

WHEREAS, there are multiple Fair Health indexes, some of which are charged based, some of which are based on allowed amount paid, and some of which are based upon regional reimbursement indexes rather than national based indexes;

WHEREAS, beginning on March 1, 2020, Horizon BCBSNJ changed its out of network reimbursement policy for those plans that were still subject to reimbursement based upon N.J.S.A. 52:14-17.29 to payment based upon a Fair Health Regional Index to a Fair Health National Index; and

WHEREAS, the SHBP PDC determines that reimbursement based on the Fair Health National Index is in the best interest of the SHBP and its members, as it reduces member costs and overall plan costs resulting in lower premiums;

NOW THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The SHBP PDC approves that the nationally recognized database of prevailing health care charges shall be Fair Health National Index.
2. The Division of Pensions and Benefits shall monitor and report to the SHBP PDC any change in index which may have a material impact on out of network reimbursement levels, whether undertaken by the third party administrator or otherwise.

3. These provisions shall go into effect as of September 1, 2020.

DATED: August 31, 2020.