

Resolution of the State Health Benefits Plan Design Committee to Immediately Implement a Medical Specialty Program and Solicit Bids for a Third-Party Contractor to Oversee the Program no later than Plan Year 2024

WHEREAS, pursuant to N.J.S.A. 52:14-17.25 to -17.46a, the State Health Benefits Program (SHBP) provides health coverage to qualified employees and retirees of the State of New Jersey (State) and participating local employers; and

WHEREAS, the SHBP was created in 1961 to provide affordable health care coverage for public employees on a cost-effective basis; and

WHEREAS, all SHBP plans, with the exception of Medicare Advantage plans, are self-funded, which means the money paid out for benefits comes directly from a SHBP fund supplied by the State, participating local employers, and member premiums; and

WHEREAS, the costs for health and prescription drug benefits continue to increase exponentially, which has strained the budgets of the State and local employers and caused increased costs to members; and

WHEREAS, the NJ State Health Benefits Plan is facing unprecedented rate increases for the 2023 plan year; and

WHEREAS, it is in the interest of all the people of New Jersey to control medical drug costs; and

WHEREAS, Specialty drugs spending usually accounts for approximately 50% of the employers' costs for drugs, and in several circumstances, some of these drugs could be replaced with more effective, lower cost drugs which would create better health outcomes for the member while controlling costs; and

WHEREAS, a presentation was made to a subcommittee of the SHBP PDC on September 3, 2021 which outlined that there is a potential of saving \$1.18 Billion dollars over three years by implementing a medical specialty program; and

WHEREAS, there are currently misaligned incentives between the pharmaceutical industry, the State of New Jersey, providers, and the specialty pharmacies; and

WHEREAS, OPTUM RX, the State's current Pharmacy Benefits Manager (PBM) and has the ability to implement a medical specialty plan almost immediately to better serve the members of the SHBP; and

WHEREAS, the long term strategy for the Plan should be to obtain an outside vendor who can act purely in the interests of the plan with regards to medical specialty drugs;

NOW THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The Division will advise OPTUM RX to implement a medical pharmacy program on January 1, 2023 that will center around a therapy plan, making sure that patients are receiving the right drug and will compile outcome data. The plan will also assist providers with determination of the right medicine for their specific needs.
2. OPTUM RX will propose a cost control strategy to assure that hospitals are not marking up drugs to the lower of what they currently charge or twice the cost.

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3. There will continue to be a subcommittee with equal number of labor and management members of the PDC that will make recommendations to the full committee before implementation of the program
4. No later than January 1, 2023, the Committee will develop a total plan strategy for medical pharmacy. Once the plan strategy is developed, the Division will initiate a bid solicitation for a third-party vendor who is not affiliated with the State's PBM or medical third-party administrator (TPA) and once the bid is awarded, the independent contractor shall oversee the Specialty Medical Program.