

SHBP PDC Resolution 2022-11

RESOLUTION OF THE STATE HEALTH BENEFITS PROGRAM PLAN DESIGN COMMITTEE DIRECTING THE DIVISION OF PENSIONS AND BENEFITS TO ESTABLISH A CLAIMS STABILIZATION RESERVE FUND FOR STATE EMPLOYEE HEALTHBENEFIT PLANS

WHEREAS the State Health Benefit Plan faces an unprecedented crisis of unanticipated cost and a trajectory of unsustainable spending if costs continue to rise, as is anticipated in the absence of swift and decisive action; and

WHEREAS, rate renewal projections have consistently overestimated the funds needed to cover claims for a particular plan year, most recently by \$191 million for Plan Year 2020 and by \$110 million in Plan Year 2019; and

WHEREAS, unlike for the Local Government Plan, those State group gains are not reserved for future use to stabilize plan rates; and

WHEREAS, the State has already allocated \$300 million in the Fiscal Year 2023 state budget to offset extraordinary increases to health care costs; and

WHEREAS, the State has received several billion dollars in funds from the United States Government via the American Recovery Plan (ARP) Act to address unexpected financial impacts due to the COVID-19 pandemic; and

Whereas currently State revenues are exceeding projections; and

WHEREAS other private and public sector New Jersey based health plans are similarly seeking solutions to ever rising prices and costs related to healthcare, that seem to have been exacerbated by the unprecedented COVID19 pandemic; and

WHEREAS counties and municipalities are reeling from the impact of proposed 20 plus percent health benefit rate hikes and are without the time or resources to adequately prepare for this looming crisis that threatens local budgets; and

WHEREAS these rate hikes, if not interrupted, will impose additional burdens on taxpayers;

Therefore, let it be resolved that the New Jersey State Health Benefits Plan Design Committee directs the Division of Pensions and Benefits to establish a claims stabilization reserve (CSR) fund for State plans similar to the one which exists for the local government plans. All gains for a plan year related to the State plans shall be placed in the State CSR for future use related to costs of State employer plans.

And let it be further resolved that such a fund shall include, but not be limited to, \$750 million of American Recovery Plan (ARP) Act funds allocated to the State by the Federal government which would be appropriately distributed between the State and local plan CSR's to help offset Plan Year 2023 rate increases and protect against future extraordinary cost increases or claim submissions.

SHBP PDC Resolution 2022-11

**RESOLUTION OF THE STATE HEALTH BENEFITS PROGRAM PLAN DESIGN COMMITTEE DIRECTING THE
DIVISION OF PENSIONS AND BENEFITS TO ESTABLISH A CLAIMS STABILIZATION RESERVE FUND FOR
STATE EMPLOYEE HEALTHBENEFIT PLANS**