

## **Union Victory on Retiree Rx Copays**

On Friday, March 20, 2015, the Union victory in the fight over raising retiree prescription drug copays without the authority of the Plan Design Committee was finalized.

In 2012, without a resolution of the State Health Benefit Plan Design Committee, the NJ Division of Pensions and Benefits unilaterally implemented increases in retiree prescription copay increases for 2013.

The unions took the state to court and on December 31, 2014 the Superior Court unanimously ruled in favor of the unions.

On Friday, the State Health Benefits Design Committee unanimously voted for a solution that finalized the Superior Court decision that struck down the unilateral management retiree prescription copay increases in the years 2013, 2014 and 2015.

The committee was presented with three possible solutions to rectify the overpayment of copays in the aforementioned years. Unfortunately, the monumental task of calculating payments to each individual member would have resulted in another year of delay in payments to our retirees and owing to Medicare regulations some members would have actually owed money to the federal government.

The solution approved provides compensation by reducing or eliminating Rx copays for retirees for the period from July 1, 2015 through December 31, 2015.

Retiree Rx copays and out of pocket maximums will return to the 2012 level as a baseline for negotiating new copays for 2016.

The decision in superior court was a landmark decision, in that it clarifies the authority of the Plan Design Committee to negotiate plans going forward and cuts off management attempts to circumvent the Plan Design Committee.

The terms of Rx copays for retirees for the rest of 2015 are as follows:

For the period from now to June 30, 2014, copays will remain as they are currently.

For the period from July 1, 2015 through December 31, 2105 copays for NJ Direct 10 and 15 (and their Aetna equivalent plans will be

Tier	Retail	Mail (3 Months)
Generic	\$0	\$0
Name Brand	\$3	\$3
Non Preferred	\$11	\$11

For the \$10 HMO Plans:

Tier	Retail	Mail (3 Months)
Generic	\$1	\$1
Name Brand	\$6	\$6
Non Preferred	\$17	\$17

The maximum out of pocket will be \$1,351 per person which is the 2012 rate will apply for 2015.

Please notify your retired members of these pending changes.

## **Presentation on Direct Primary Care Medical Homes (no copay enhanced primary care)**

On Thursday, the School Employees Plan Design Committee received a three hour presentation on a proposed pilot of Direct Primary Care Medical Homes (DPCMH) in the State Health Benefit Plan from representatives of Americas Agenda, Paladina Health, and Optimus Health Care (a NJ five hundred physician practice.)

DPCMH would establish primary care practices which would be free to SHBP members (no copay), enhance patient contact by lowering the number of patients per primary care physician from the current 2,000-3,000 per physician to no more than 1,000 per physician, and end fee for service payments within the primary care pilot.

The concept is that increased primary care access (24/7 access in the case of the proposed pilot) will reduce New Jersey's infamously high specialist and hospital costs and significantly reduce overall SHBP costs.

Nearly every NJ public sector union has endorsed the DPCMH pilot.

Management representatives expressed interest; we expect discussion to continue.