



## September 26, 2024 Update for CWA State and Local Government Members Regarding SHBP Premium Increases for 2025

Despite objections from all public employee unions, the State approved increases to health insurance premiums for 2025 for both state and local government.

The NJ State Health Benefits Commission voted 3-2 to approve premium rates for the State Health Benefits Plan for 2025. Two union representatives voted against the premium rates and three state-appointed representatives voted in favor.

Since July, CWA partnered with other civilian and law enforcement unions representing both state and local government employees to combat these increases. The Union Coalition made specific, data-driven proposals to the State that could have cut the premium increases by 25-50% from the recommendations by the State's consultant. Our proposals would have saved over \$80 million for taxpayers, employers, and employees – without diminishing the quality of healthcare plans or shifting costs to local government employers or employees.

### **Real Healthcare Reform Comes from Our Public Employee Unions**

The Union Coalition proposed to improve governance and auditing to ensure the State recovers dramatic overpayments to hospitals, providers and insurance carriers. We know the State audits less than 20% of claims and does not audit out of state claims. There are millions in overpayments and improper payments that the State simply does not audit or recoup.

The Union Coalition proposed basing premiums on actual experience rather than estimates. We proved the State's actuarial assumptions are flawed and are inflated from actual experience, from Horizon's estimates, and from the experience in other states. NJ pays more for healthcare based on flawed assumptions it never questions.

We gave several other proposals that would lower prices, create competition between Horizon and Aetna, and enforce the prices guaranteed by insurance carriers. The State rejected or ignored all of them and as a result, will generate unprecedentedly high premiums, especially for local government.

**The Unions are not waiting for next year's rates. We already are fighting for these ideas and others that have saved millions for other states.** Our Unions have the best ideas for real healthcare reform to control costs now and in the long-term. We are fighting back against the total cost of insurance and the prices charged by insurance carriers, which must be controlled through cooperation between unions and the State.

### **2025 Rate Change for State Government Employees:**

Premiums will increase for state government by 10.1% on the Horizon Unity Direct PPO/Aetna Freedom PPO plans. This is the premium cost to the State.

Remember, State employee healthcare contributions are negotiated rates based on our annual salary. Under our contract, the increase on employee contributions for 2025 will be limited to 4.5%. As an example, if our paycheck contribution is \$111 per pay today, it will increase to \$116 per pay in 2025.

**2025 Rate Change Local Government Employees:**

Unfortunately, the premium increase for local government plans is higher, at 16.3%. This includes all Horizon and Aetna PPO plans. This is the premium cost charged by the State to local government employers which participate in the SHBP.

Most local government employee contributions are still based on chapter 78. Chapter 78 calculates employee contributions based on premium and annual salary, so this 16.3% increase is fully applied to our paycheck contributions.

Due to the State's failure to control costs or provide relief to local government, we expect many local government employers will explore leaving the State plan in 2025. CWA will be working with our Local bargaining committees and members to fight for cost controls while maintaining equal-to-or-better benefits in all our local government contracts.

**Whether you are a state or local government CWA member, we are in this fight together.**