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# STATE HEALTH BENEFITS PROGRAM OF NEW JERSEY

1997 ANNUAL REPORT



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THE TREASURY  
Brian W. Clymer, *Treasurer*

DIVISION OF PENSIONS  
AND BENEFITS  
Margaret M. McMahon, *Director*



STATE OF NEW JERSEY  
DIVISION OF PENSIONS AND BENEFITS  
PO Box 295 • Trenton, NJ 08625-0295

STATE HEALTH  
BENEFITS PROGRAM  
OF NEW JERSEY

COMMISSION  
as of June 30, 1997

BRIAN W. CLYMER  
State Treasurer, Chairperson

Elizabeth Randall  
Commissioner, Department  
of Banking and Insurance

Linda Anselmini  
Commissioner,  
Department of Personnel

MARGARET M. McMAHON  
*Secretary*

TO THE HONORABLE  
CHRISTINE TODD WHITMAN  
GOVERNOR of the STATE OF NEW JERSEY

Dear Governor Whitman:

As Secretary to the New Jersey State Health Benefits Commission and Director of the Division of Pensions and Benefits, I am pleased to present the Fiscal Year 1997 Annual Report in accordance with the provisions of N.J.S.A. 52:17.27.

We have had an excellent year which has seen many positive changes. We have been able to successfully contain health care costs as evidenced by very modest rate increases for fiscal year 1998 for both the State and Local Employers. We have added two new benefit programs, the Medicare HMO Program and the Prescription Drug Discount Card Program. Both have been well received by our members. We have successfully implemented a new health insurance data base, the State Health Information Processing System (SHIPS) which will allow much greater flexibility and ease of operation for the State as well as our participating employers. As a result of lower rates and premium holidays we have appeared to stem the exodus of local employers from the State Health Benefits Program and, for the first time, are expecting the number of participating employers to increase in fiscal year 1998.

We expect to continue to pursue new, innovative, benefit programs that will enhance the care of our members while containing health costs for all concerned.

Respectfully submitted,

A handwritten signature in cursive script that reads "Margaret M. McMahon".  
MARGARET M. McMAHON  
Secretary



NEW JERSEY

# STATE HEALTH BENEFITS PROGRAM

## *Mission*

The Division of Pensions and Benefits is committed to a standard of excellence that delivers quality health care in an efficient and cost effective manner.

## *Vision*

To be proactive in establishing the standard for top quality benefits by focusing on innovative approaches and a commitment to member satisfaction.

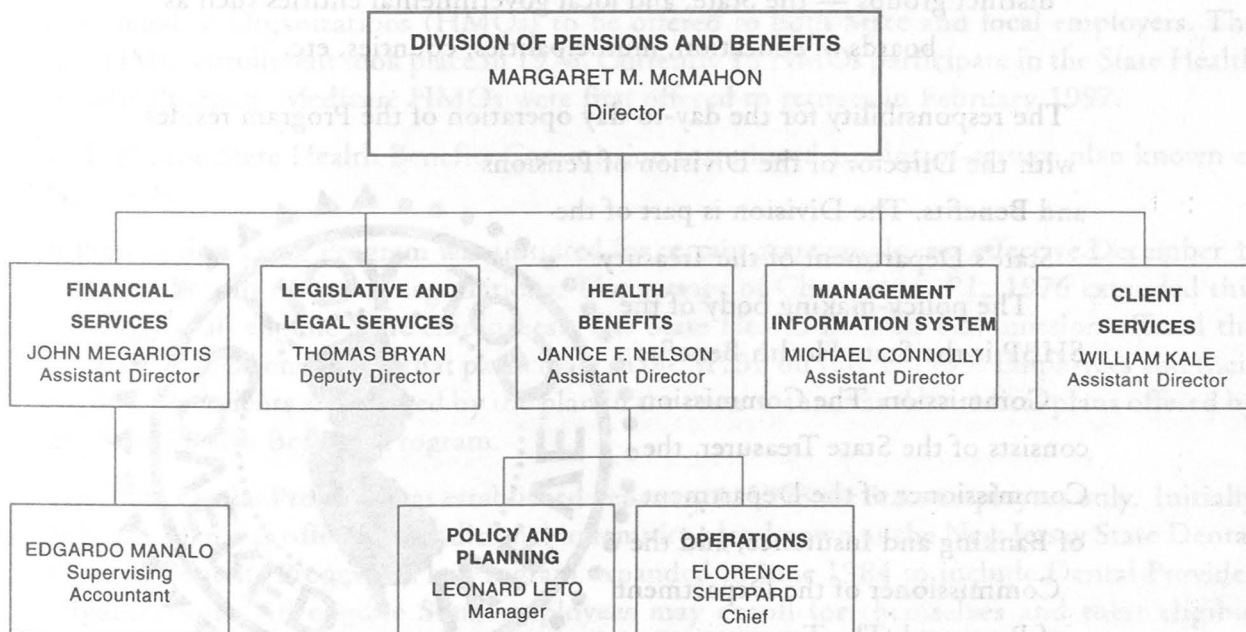
STATE OF NEW JERSEY  
DEPARTMENT OF THE TREASURY  
DIVISION OF PENSIONS AND BENEFITS  
PO BOX 295  
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*Margaret M. McMahon*  
MARGARET M. MCMAHON  
Director

# State Health Benefits Program and Related Services

## Organization Chart

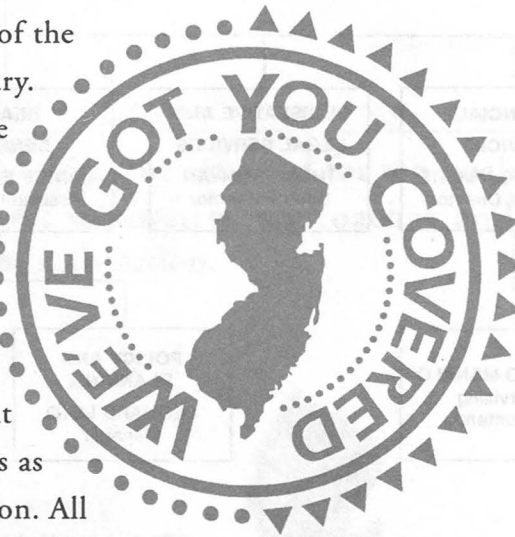


## Overview

The State Health Benefits Program (SHBP) offers a variety of health plans and delivers excellent value for the more than 700,000 active and retired New Jersey public sector employees and their dependents. The SHBP consists of two distinct groups — the State, and local governmental entities such as boards of education, municipalities, counties, etc.

The responsibility for the day-to-day operation of the Program resides with the Director of the Division of Pensions and Benefits. The Division is part of the State's Department of the Treasury.

The policy-making body of the SHBP is the State Health Benefits Commission. The Commission consists of the State Treasurer, the Commissioner of the Department of Banking and Insurance, and the Commissioner of the Department of Personnel. The Treasurer serves as the Chair of the Commission. All decisions made by the Commission are a matter of public record. These include the awarding of contracts to vendors through public bidding and the approval of rates to be charged for all coverages. Additionally, all activities of the Program are periodically audited by the State's auditors.



## *State Health Benefits Program*

The State Health Benefits Program (SHBP) was established by Chapter 49, P.L. 1961 to provide traditional indemnity plan benefits for State employees. Chapter 125, P.L. 1964 extended the program to include employees of local government at the option of each public employer.

Chapter 337 of the Public Laws of 1973 (C. 26:2J-3) authorized the establishment of Health Maintenance Organizations (HMOs) to be offered to both State and local employers. The first HMO enrollment took place in 1976. Currently 13 HMOs participate in the State Health Benefit Program. Medicare HMOs were first offered to retirees in February 1997.

In 1989, the State Health Benefits Commission introduced a point-of-service plan known as NJ PLUS.

A Prescription Drug Program was initiated for certain State employees effective December 1, 1974, as a result of union negotiations. The passage of Chapter 41, P.L. 1976 extended this coverage to all eligible State employees. The State Health Benefits Commission offered the program to local employers that participate in the SHBP on July 1, 1993. Employees and their eligible dependents are covered by the plan in the same manner as the medical plans offered by the State Health Benefits Program.

The State Dental Program was established February 1, 1978 for State employees only. Initially only one plan was offered: a traditional indemnity plan known as the New Jersey State Dental Expense Benefits Program. The Program expanded in June 1984 to include Dental Provider Organizations. All eligible State employees may enroll for themselves and their eligible dependents by paying the premium calculated to meet half of the cost of the plan.

The traditional indemnity medical plan, NJ PLUS, and the Prescription Drug Program are self-insured. Administrative services for these plans are provided by Blue Cross Blue Shield of New Jersey. The dental indemnity plan is also self-funded, with administrative services provided by the Prudential Insurance Company. Currently all HMOs and Dental Provider Organizations participate in the SHBP on an insured basis.

The Statute governing the SHBP can be found in the New Jersey Statutes Annotated, Title 52, Chapter 14, Article 3D. Rules governing the operation and administration of the program may be found in Title 17, Chapter 9 of the New Jersey Administrative Code.

## *Medical Plans Offered*

### TRADITIONAL PLAN

An indemnity plan offering full choice of physicians.

### NJ PLUS

A point-of-service plan that provides the in-network and health promotion features of managed care plans, and out-of-network features similar to the Traditional Plan such as full choice of physicians.

### HEALTH MAINTENANCE ORGANIZATIONS (HMOs)

Choices include plans offering services in individual physician offices or medical groups, or a combination of both. Most cover the entire State and adjacent counties in neighboring states where licensed. For retirees, Medicare HMOs are offered.

### DENTAL BENEFITS

Employees have a choice of the traditional indemnity dental plan or choosing from several prepaid dental plan organizations. Dental coverage is optional and State employees who opt for coverage pay 50% of the monthly cost through payroll deductions. Dental coverage is not available to local government employees or retirees.

### PRESCRIPTION DRUG COVERAGE

Prescription drug coverage is provided to eligible State employees and their dependents. The Program is also available to eligible employees of participating local employers and their dependents. Under the Program, participants and eligible dependents pay a copayment of \$1.00 for generic drugs or \$5.00 for brand name drugs per prescription or refill. Also included in the Prescription Drug Program is a mail order feature that requires no copayment.

## *Recent Accomplishments*

### PRESCRIPTION DRUG DISCOUNT PROGRAM

Effective October 1, 1996, the State Health Benefit Commission approved a special prescription drug discount program to be included in both the NJ PLUS and the Traditional Plan. The prescription drug discount program, administered by Blue Cross and Blue Shield of New Jersey (BCBSNJ) and known as "PAID Direct," is available to employees and retirees through BCBSNJ's affiliation with PAID Prescriptions, Inc. Over 99% of New Jersey pharmacies and over 95% of pharmacies nationwide participate in PAID Prescriptions' pharmacy network.

The new program offers the advantages of (1) discount pricing off the wholesale price instead of retail pricing, (2) electronic claims filing through the pharmacy (the participants receive reimbursement through the mail in a few days), and (3) application of drug utilization protocols which help protect participants from dangerous combinations of drugs.

Annual savings to the State is estimated at about \$3.2 million due to reduced claims costs. The SHBP local employer group also realizes savings, as do members who access the program.

### MEDICARE HMOs

Effective February 1, 1997, the SHBP offered six Medicare HMO plans to eligible retired members who live in New Jersey and in the border counties of the states of New York and Pennsylvania. The Medicare HMO plans include unlimited coverage for prescription drug, vision and dental care coverage and, in most cases, routine foot care coverage along with the full range of Medicare-covered services. Medicare HMO plans generally offer more benefits for about half the cost of regular Medicare supplemental plans and there are no claims to file.

At present, 2,750 retirees have elected to participate in one of the SHBP's Medicare HMO programs and membership is slowly growing. While initial savings to the SHBP and its members are modest because of the low level of enrollment (combined annual savings to SHBP and members are estimated to be \$3 million) this initiative has enormous savings potential as enrollment grows. On a national level, Medicare HMOs represent the fastest growing segment of the managed care market.

## *Containment of Costs (State and Local)*

### HEALTH MAINTENANCE ORGANIZATIONS (HMOs)

State Health Benefits Program (SHBP) participants are currently offered 13 HMO options. In FY '97, overall, State and Local HMO costs rose approximately 2.5%, or about \$9.1 million. Over the past four years, State and Local HMO enrollments have grown 13% from about 79,000 to 89,000 enrollees. However, during the same time period, per enrollee HMO costs have actually declined over 17% from \$5,003 to projected FY '98 costs of \$4,142. These lower costs are attributed to the State's aggressive negotiations with HMOs, hospital deregulation, and lower HMO industry trends. The State's results are below HMO industry trends of 3% to 5% premium increases.

### MIDYEAR REDUCTION IN TRADITIONAL PLAN RATE FOR SHBP LOCAL GROUP

Because of significant savings in the Traditional Plan, realized in part by the State's partnership with BCBSNJ, the State Health Benefits Commission, at the request of Governor Whitman, approved a midyear rate reduction for the SHBP Local Group Traditional Plan of 11% for active employees and 5% for retirees and their dependents who are enrolled in the Federal Medicare Program. These reductions provided savings to the Local Group of about \$15 million for the last five months of the fiscal year.

Although the State and local portions of the SHBP are separately rated, the State acts as the purchasing agent for all. This allows even small municipalities to enjoy the clout of the State's purchasing power. BCBSNJ has estimated that if the Legislature were to end the participation of local employers in the SHBP and each employer purchased comparable coverage on their own, costs to local taxpayers would increase by \$100 million annually due to the increased costs of administration, risk charges, and profit margin.

### SHBP REVISED RATING STRUCTURE

In December of 1996, the State Health Benefits Commission adopted a recommendation by its consultant to particularize subgroups within the SHBP Local Group beyond the two rate categories of Medicare Primary and SHBP Primary. The new rating structure separates local employers into two categories, educational employers and all others, and established three categories of rates within each subgroup: active rates, retired rates (non-Medicare) and retired rates with Medicare. The SHBP continues to analyze other rating alternatives as additional consolidated claims experience data becomes available through BCBSNJ.

### TRADITIONAL PLAN AND NJ PLUS RATES

With the adoption of split local employer rates, the Traditional Plan rates for fiscal year 1998 included a 19% reduction for employees of educational employers and an 11% reduction for employees of noneducational employers. The State Traditional Plan employee rate reduced by 6.7%.

For NJ PLUS, employee rates for all local employers did not increase while the State rate was reduced 12.9%.

Retiree rates for both the State and local employers were held to modest increases.

### PREMIUM HOLIDAYS FOR SHBP LOCAL GROUP IN TRADITIONAL PLAN AND NJ PLUS

In December 1996, the State Health Benefits Commission approved two months of Premium Holidays for fiscal year 1998 for eligible local employers for participants enrolled in the Traditional Plan and NJ PLUS.

The first Premium Holiday will be limited to employers in the SHBP at the time of the Commission action. The second holiday, as an incentive to encourage new employers to join the Program, will apply to all employers participating in the SHBP as of the date of the holiday. Any new employer eligible to receive the second Premium Holiday must remain in the SHBP for at least a 12-month period following the holiday, or be responsible for payment of the premiums waived.

### OPEN ENROLLMENT FOR LOCAL EMPLOYERS TO RETURN TO SHBP

Because of the many positive fiscal changes (listed above), the Commission approved a one year period of reentry for local employers that had previously participated in the SHBP. The open enrollment period for these employers will end April 30, 1998 (coverage date July 1, 1998).

## *State Health Information Processing System (SHIPS) Phase I*

The SHBP is completing an intensive two year re-engineering effort which will streamline our enrollment and communication processes. The project, known as the State Health Information Processing System (SHIPS), will modernize the technological systems of the SHBP. The Division implemented the first phase of the newly developed SHIPS in June. SHIPS, a comprehensive enrollment processing and financial billing system, will significantly enhance the Health Benefits Bureau's capabilities to enroll members into the SHBP's medical, prescription, and dental programs and transfer that information to

the appropriate insurance carriers. It will also improve the billing procedures and capabilities to the benefit of employers, employees, and retirees.

SHIPS will provide a flexible system capable of handling changes in State and Federal laws and internal policies. For instance, the former system could not accommodate State retiree premium-sharing, or separate rates for Educational employers within the SHBP Local Group. The programming accomplished in Phase I of SHIPS now allows the Division to implement these cost-containment policies.

### *Premium Sharing for State Employees*

Under the provisions of Chapter 8, P.L. 1996, the SHBP implemented premium sharing for employees covered under the State component of the program. Chapter 8 authorizes the State to negotiate premium sharing in the collective bargaining agreements governing employment of State employees. These premium sharing arrangements carry over into Retired Group coverage for employees who attain 25 years of creditable pension service after July 1, 1997 or who retire on a Disability Retirement after that same date. The first premium sharing agreements were implemented beginning July 1, 1996 and affected only employees enrolled in the Traditional Plan. As bargaining units settled contracts during the year, their covered employees began premium sharing. Non-aligned employees, that is, those employees not represented by any bargaining unit, premium share in accordance with rules established by the State Health Benefits Commission.

Local group employees are not affected by the premium sharing provisions of Chapter 8, P.L. 1996.

## *1997 Significant Legislation*

### CHAPTER 94, PUBLIC LAWS OF 1997

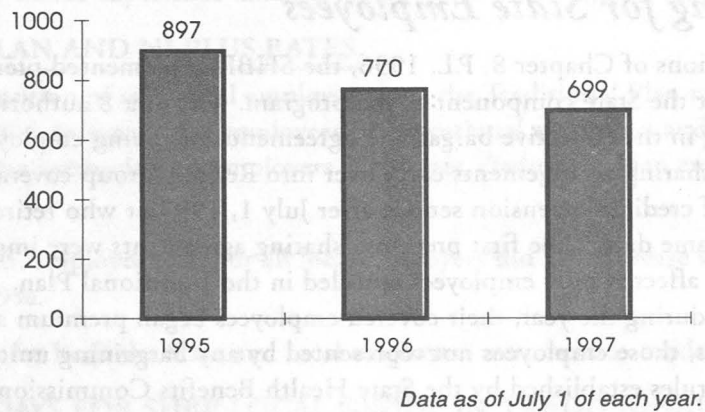
requires the State Health Benefits Program to provide coverage for a minimum of 72 hours of inpatient care following a modified radical mastectomy and a minimum of 48 hours of inpatient care following a simple mastectomy. A carrier under the program shall not require a health care provider to obtain authorization from the carrier for prescribing 72 or 48 hours, as appropriate, of inpatient care.

It also provides that the provisions of the law shall not be construed to require a patient to receive inpatient care for 72 or 48 hours, as appropriate, if the patient, in consultation with the patient's physician, determines that a shorter length of stay is medically appropriate or relieve a patient or physician from any insurer notification requirements.

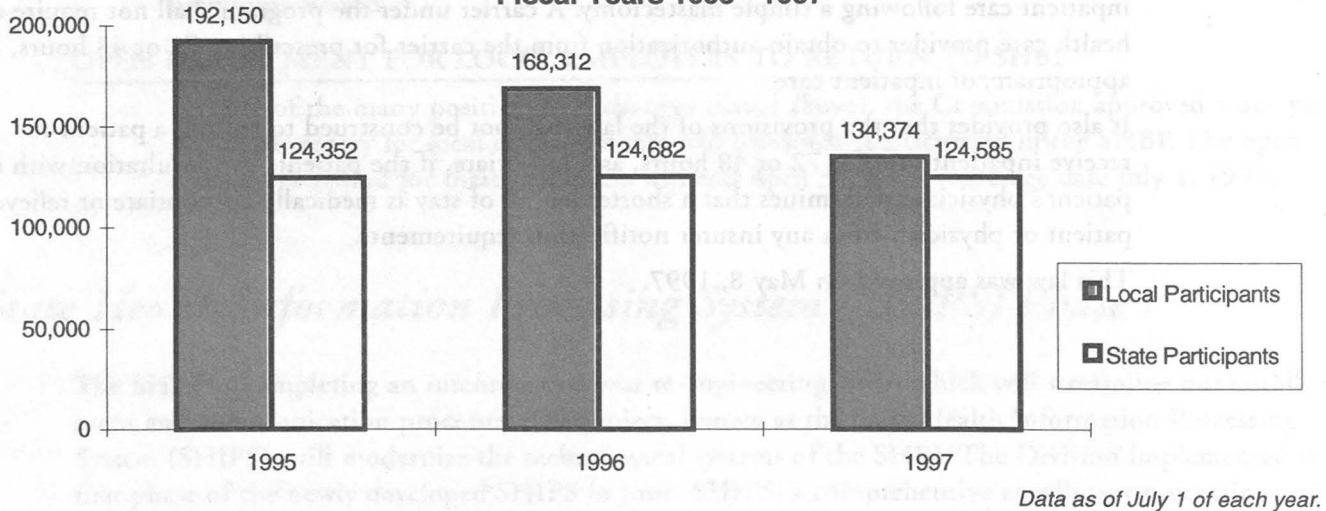
This law was approved on May 8, 1997.

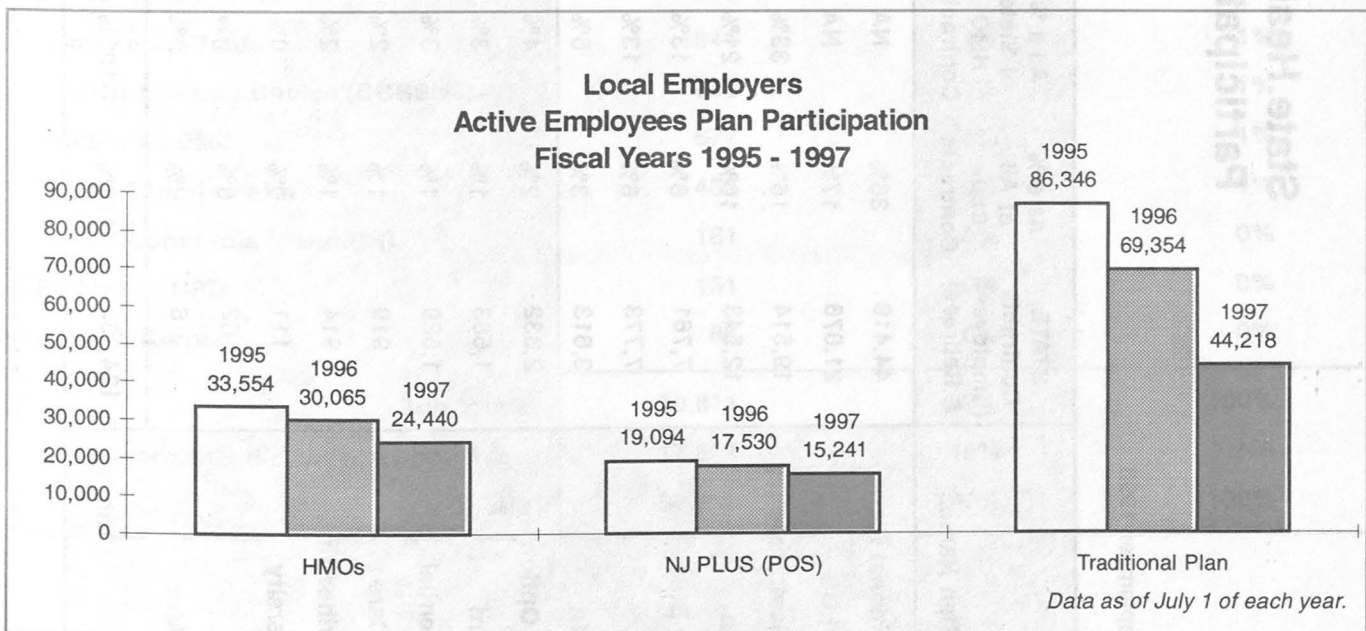
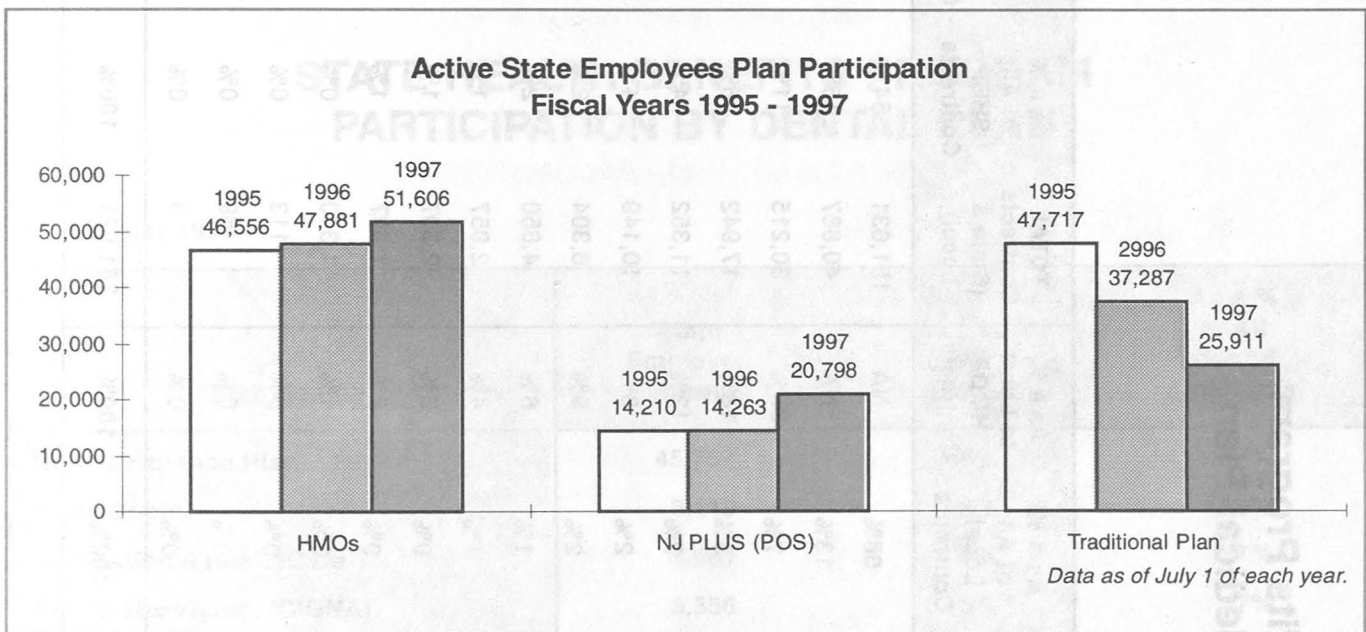
## MEMBERSHIP

**Participating Local Employers  
Fiscal Year 1995 - 1997**



**State and Local Participants  
Fiscal Years 1995 - 1997**





## State Health Benefits Program Participation by Medical Plan

As of September 1996

Plan Name	STATE Contracts (Employees & Retirees)	As a % of All State Contracts	As a % of State HMO Contracts	LOCAL Contracts (Employees & Retirees)	As a % of All Local Contracts	As a % of Local HMO Contracts	TOTAL Contracts (State & Local)	As a % of All SHBP Contracts	As a % of HMO Contracts
Traditional Plan	44,416	36%	NA	107,215	68%	NA	151,631	54%	NA
NJ PLUS	21,076	17%	NA	19,811	13%	NA	40,887	15%	NA
US Healthcare	19,514	16%	33%	10,701	7%	35%	30,215	11%	34%
Aetna	12,543	10%	21%	5,399	3%	18%	17,942	6%	20%
HMO Blue	7,761	6%	13%	3,591	2%	12%	11,352	4%	13%
HIP	7,773	6%	13%	2,376	2%	8%	10,149	4%	11%
CIGNA	3,613	3%	6%	2,691	2%	9%	6,304	2%	7%
First Option	2,332	2%	4%	2,318	1%	8%	4,650	2%	5%
Oxford	1,663	1%	3%	1,294	1%	4%	2,957	1%	3%
Prudential	1,529	1%	3%	778	0%	3%	2,307	1%	3%
NYLCare	919	1%	2%	678	0%	2%	1,597	1%	2%
Amerihealth	914	1%	2%	426	0%	1%	1,340	0%	2%
University	111	0%	0%	2	0%	0%	113	0%	0%
PHP	62	0%	0%	7	0%	0%	69	0%	0%
QualMed	6	0%	0%	2	0%	0%	8	0%	0%
<b>Totals</b>	<b>124,232</b>	<b>100%</b>	<b>100%</b>	<b>157,289</b>	<b>100%</b>	<b>100%</b>	<b>281,521</b>	<b>100%</b>	<b>100%</b>

## STATE HEALTH BENEFITS PROGRAM PARTICIPATION BY DENTAL PLAN

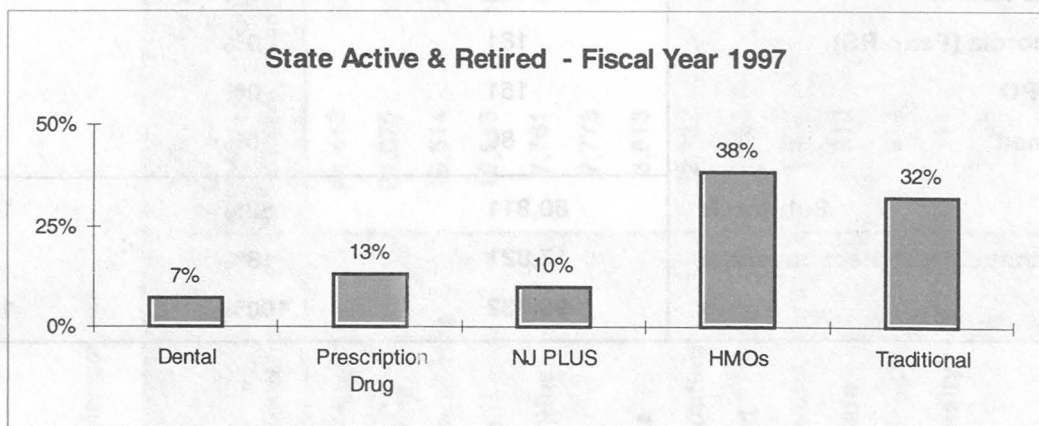
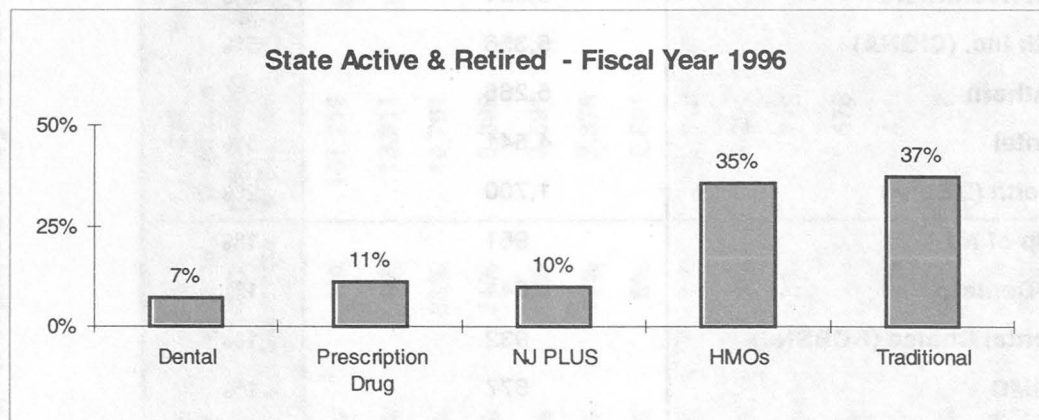
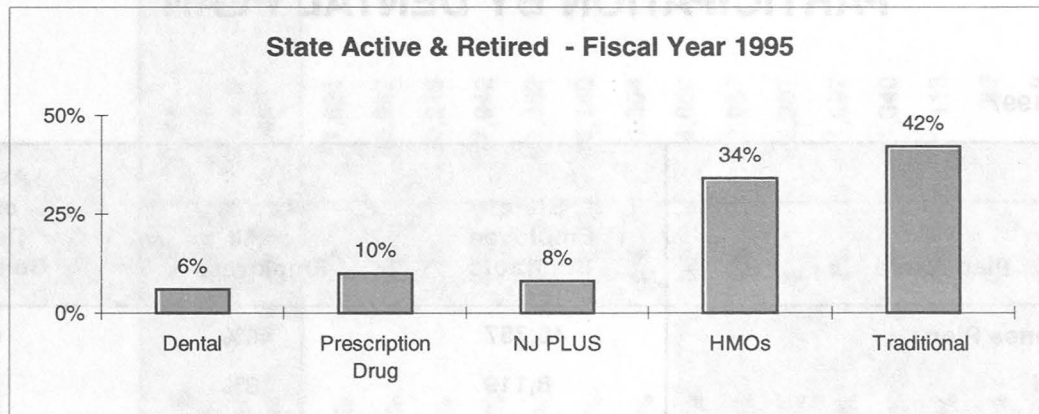
As of January 1997

Plan Name	State Employee Contracts	As a % of All Employees	As a % of All Dental Contracts
Dental Expense Plan	45,757	46%	57%
Unity Dental	8,119	8%	10%
International HealthCare	5,681	6%	7%
Dental Health Inc. (CIGNA)	5,356	5%	7%
Atlantic Southern	5,266	5%	7%
OraCare Dental	4,541	5%	6%
Flagship Health (DELTA)	1,700	2%	2%
Dental Group of NJ	961	1%	1%
Community Dental	941	1%	1%
Managed Dental Choice (BCBSNJ)	932	1%	1%
Prudential DMO	677	1%	1%
Group Dental Health	462	0%	1%
United Concordia (Penn.BS)	181	0%	0%
Statewide DPO	151	0%	0%
John D. Kernan	86	0%	0%
<b>Sub-totals</b>	<b>80,811</b>	<b>82%</b>	<b>100%</b>
<b>Employees that did not elect coverage</b>	<b>17,821</b>	<b>18%</b>	<b>NA</b>
<b>Totals</b>	<b>98,632</b>	<b>100%</b>	<b>100%</b>

## PERCENTAGE OF HEALTH CARE DOLLARS EXPENDED BY SHBP

— State Active & Retired —

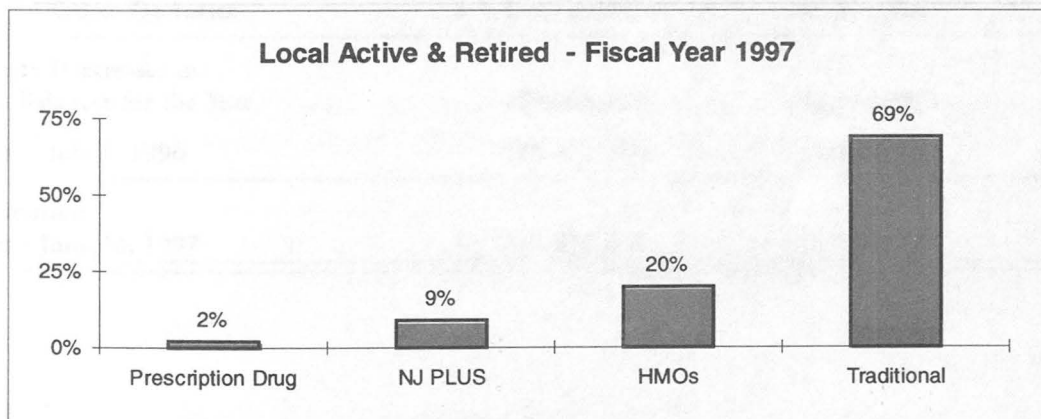
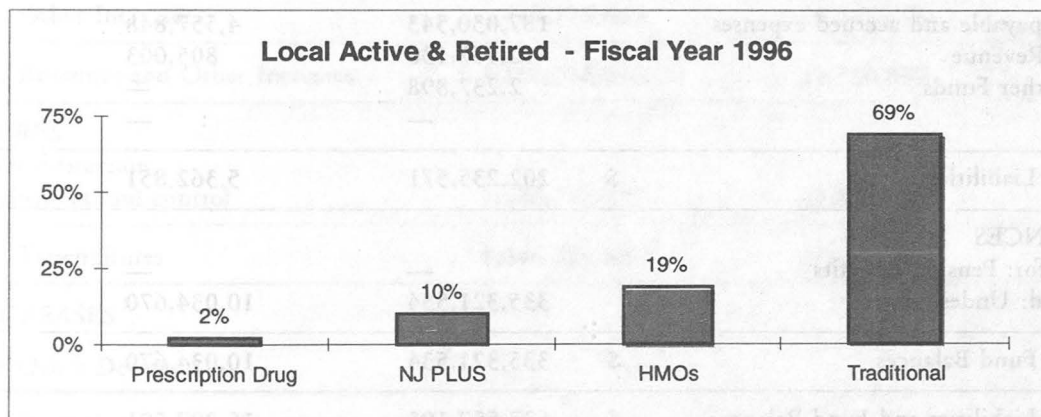
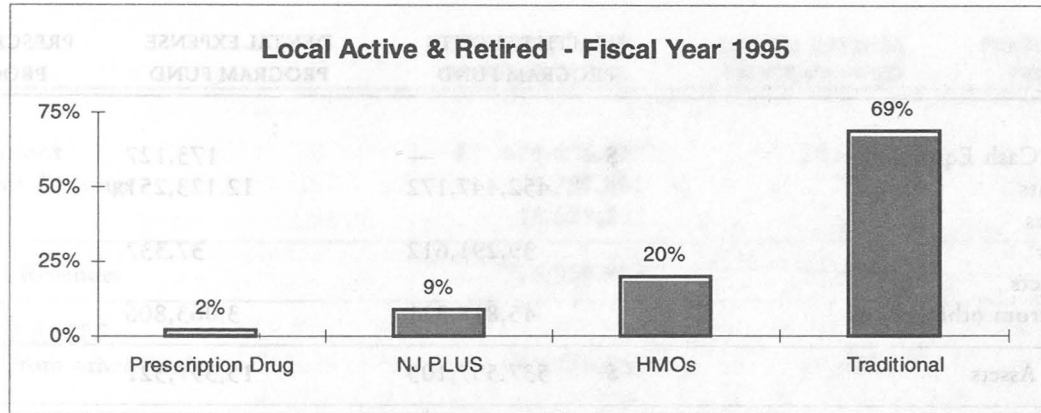
Fiscal Years 1995 through 1997



## PERCENTAGE OF HEALTH CARE DOLLARS EXPENDED BY SHBP

— Local Active & Retired —

Fiscal Years 1995 through 1997



State of New Jersey  
 State Health Benefits Program  
**Combining Balance Sheet**  
**All Trust and Agency Funds**  
 June 30, 1997

	HEALTH BENEFITS PROGRAM FUND	DENTAL EXPENSE PROGRAM FUND	PRESCRIPTION DRUG PROGRAM FUND
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ —	173,127	—
Investments	452,447,172	12,123,251	11,184,809
Receivables			
Other	39,291,612	37,337	329,131
Other Assets			
Due from other Funds	45,818,321	3,063,806	1,685,752
<b>Total Assets</b>	<b>\$ 537,557,105</b>	<b>15,397,521</b>	<b>13,199,692</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	187,030,543	4,557,848	4,500,000
Deferred Revenue	12,967,130	805,003	—
Due to Other Funds	2,237,898	—	—
Other	—	—	—
<b>Total Liabilities</b>	<b>\$ 202,235,571</b>	<b>5,362,851</b>	<b>4,500,000</b>
<b>FUND BALANCES</b>			
Reserved for: Pension Benefits	—	—	—
Unreserved: Undesignated	335,321,534	10,034,670	8,699,692
<b>Total Fund Balances</b>	<b>\$ 335,321,534</b>	<b>10,034,670</b>	<b>8,699,692</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 537,557,105</b>	<b>15,397,521</b>	<b>13,199,692</b>

STATE OF NEW JERSEY  
 State Health Benefits Program  
**Combining Statement of Revenues, Expenditures and Changes In Fund Balances**  
 All Trust and Agency Funds  
 June 30, 1997

	HEALTH BENEFITS PROGRAM FUND	DENTAL EXPENSE PROGRAM FUND	PRESCRIPTION DRUG PROGRAM FUND
<b>REVENUES</b>			
Contributions	\$ 674,636,827	19,618,872	10,895,422
Investment Earnings	23,797,801	750,365	886,329
Other	18,525,265	—	—
<b>Total Revenues</b>	<b>716,959,893</b>	<b>20,369,237</b>	<b>11,781,751</b>
<b>OTHER INCREASES</b>			
Transfers from other funds	449,779,033	19,389,770	68,806,671
Other	—	—	—
<b>Total Other Increases</b>	<b>449,779,033</b>	<b>19,389,770</b>	<b>68,806,671</b>
<b>Total Revenues and Other Increases</b>	<b>\$ 1,166,738,926</b>	<b>39,759,007</b>	<b>80,588,422</b>
<b>EXPENDITURES</b>			
Government direction, management and control	1,046,729,807	42,271,906	86,482,060
<b>Total Expenditures</b>	<b>1,046,729,807</b>	<b>42,271,906</b>	<b>86,482,060</b>
<b>OTHER DECREASES</b>			
<b>Total Other Decreases</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Expenditures and Other Decreases</b>	<b>\$ 1,046,729,807</b>	<b>42,271,906</b>	<b>86,482,060</b>
<b>Net Increase (Decrease) in Fund Balances for the Year</b>	<b>120,009,119</b>	<b>(2,512,899)</b>	<b>(5,893,638)</b>
Fund Balances - July 1, 1996	215,312,415	12,547,569	14,593,330
Reserve Distribution			
Fund Balances - June 30, 1997	\$ 335,321,534	10,034,670	8,699,692

State of New Jersey  
Selected Employee Benefit Funds  
Notes to the Financial Statements

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(A) Fund Accounting**

The Governmental Accounting Standards Board (GASB) in its Statement 1 entitled Authoritative Status of NCGA Pronouncements and AICPA Industry Audit Guide continued in force the National Council on Governmental Accounting's (NCGA) Statement 1. NCGA Statement 1 defines a fund as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and residual equities or balances, and changes, therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. These statements reflect financial reporting practices in accordance with the above.

***Basis of Preparation***

The financial statements have been prepared from accounts and records maintained by the Division of Pensions and Benefits. The accompanying statements include the following funds:

Health Benefits Program Fund  
Dental Expense Program Fund  
Prescription Drug Program Fund

The Health Benefits Program Fund, Dental Expense Program Fund, and Prescription Drug Program Fund are classified as expendable trust funds. Trust funds are used to account for transactions related to assets, liabilities, and fund equity held in a trustee capacity by the State.

***Description of Funds***

The Health Benefits Program Fund was established by N.J.S.A. 52:14-17.25 et seq. This fund provides employer paid basic health services.

The Dental Expense Program Fund was established effective February 1, 1978 as authorized by N.J.S.A. 52:14-17.29. Eligible members contribute premiums calculated to meet half the cost of the plan.

The Prescription Drug Program Fund was established effective December 1, 1974 as authorized by N.J.S.A. 52:14-17.29. This fund provides employer paid coverage for drugs prescribed by a physician.

**(B) Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

The expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the fiscal period. Available means collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. Those revenues which are considered to be susceptible to accrual include amounts that were earned as of June 30, 1997 and substantially remitted within the three month period subsequent to June 30.

(C) **Actuarial Assumptions**

Actuarial assumptions regarding Accounts Payable for the Health Benefits Program Fund, Dental Expense Program Fund and Prescription Drug Program Fund entail that an average factor is developed for claims incurred but not paid in a fiscal year. The factors and the claims paid are then multiplied in order to arrive at the payable amount for the various funds.

**NOTE 2 - INVESTMENTS**

Investment securities in the Health Benefits Program Fund as of June 30, 1997 are as follows:

	<b>Book Value</b>	<b>Market Value</b>
U.S. Treasury Notes	\$ 24,719,519	\$ 24,885,750
State of New Jersey Cash Management Fund	\$ 427,727,653	\$ 427,727,653

**NOTE 3 - DUE FROM OTHER FUNDS**

This is mainly comprised of Due from the General Fund.

*Due from General Fund*

The Dental Expense Program Fund, Health Benefits Program Fund, and Prescription Drug Program Fund includes the employers' and employees' share of insurance premiums applicable to Fiscal Year '97, but not received until the succeeding fiscal year (\$48,698,933).

**NOTE 4 - RECEIVABLE - OTHER**

This is comprised of employee and employer contributions receivable and receivable from insurance carriers.

Members of the Dental Expense Program Fund contribute a premium established by the Board of Trustees. Costs of this plan are shared equally by employers and employees.

For the Health Benefits Program Fund, those covered by HMOs contribute a premium based on the difference between traditional rates and HMO rates established by the Commission. Employees' contributions receivable includes amounts withheld by employers at June 30, 1997 which were substantially remitted within the three month period subsequent to June 30. Employers' contributions receivable includes premiums due from local employers at June 30 for Traditional, HMOs, and NJ PLUS programs which were substantially collected during the succeeding three months. Receivable from insurance carriers are advance deposits with insurance carriers.

**NOTE 5 - ACCOUNTS PAYABLE**

The Health Benefits Program Fund, Dental Expense Program Fund, and Prescription Drug Program Fund are self-insured programs administered through insurance carriers. Claims paid by the insurance carriers are reimbursed from the Fund. The accounts payable represents claims that were incurred as of June 30 and paid during the succeeding fiscal year.

**NOTE 6 - DEFERRED REVENUE**

Represents Health Benefits Program Fund premiums received in June 1997 but for July 1997 coverage.

**NOTE 7 - DUE TO OTHER FUNDS**

The Health Benefits Program Fund represents the balance of administrative expenses owed to the State General Fund at June 30, 1997 (\$368,952).

**NOTE 8 - FUND BALANCE**

The fund balance of the Health Benefits Program Fund, Dental Expense Program Fund, and Prescription Drug Program Fund are available to pay claims of future periods. These reserves are maintained by the Fund to stabilize rates and assure the ability to meet unexpected increases in claims.

**NOTE 9 - POST-RETIREMENT MEDICAL BENEFITS**

Chapter 136, P.L. 1977 provides for the State to pay health benefits coverage of retired State employees regardless of retirement date whose pensions are based upon 25 years or more of credited service (except those who elect a deferred retirement) or a disability retirement regardless of years of service. Excluded from these benefits are retirees from the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund which finance the cost of providing the same health benefits coverage to the retirees.

These benefits are funded by the State on a "pay as you go" basis. For FY '97 the State contributed \$12,407,057 for 3,094 eligible retired members.

Judicial Retirement System	\$ 377,300	119
State Police Retirement System	5,019,837	1,067
Other	7,009,920	1,908
<hr/>		
Total	\$ 12,407,057	3,094

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992 which provides free health benefits to members of PERS, TPAF and ABP who retired from a board of education or county college with 25 years of service. In fiscal year 1997, the State paid \$14,580,862 toward Chapter 126 benefits for 3,980 retired members.

*For more information on the health plans available  
through the SHBP, refer to the*

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**New Jersey State Health Benefits Program  
Medical Plans Information Handbook**

*You may write to us at*

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**Division of Pensions and Benefits  
PO Box 295  
Trenton NJ 08625-0295**

*or E-mail us at*

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**SHBP\_NJ@tre.state.nj.us**

*or call Client Services at*

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**609-292-7524  
between 9:00 AM and 4:00 PM  
Monday through Friday**

*You may also visit our WEB site at*

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**<http://www.state.nj.us/treasury/pensions/shbp.htm>**



NOTE 6 - DEFERRED REVENUE

Represent Health Benefits Program for employees of the State of New Jersey. For more information on the health plans available through the SHBP, refer to the

NOTE 7 - DUE TO OTHER FUNDS

New Jersey State Health Benefits Program  
Medical Plans Information Handbook

NOTE 8 - FUND BALANCE

The fund balance represents the amount of money available to the State of New Jersey for the Health Benefits Program. For more information on the fund balance, refer to the

Division of Pensions and Benefits

PO Box 295

Trenton NJ 08625-0295

SHBP NJ@state.nj.us

Call Center

800-292-7224

between 9:00 AM and 4:00 PM

Monday through Friday

<http://www.state.nj.us/treasury/pensions/shbp.htm>



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## Contacting the Division of Pensions and Benefits

Division of Pensions and  
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Internet address (URL) is <http://www.state.nj.us/treasury/pensions>

Send E-mail to the Division of  
Pensions and Benefits through our  
E-MAIL PAGE or directly to

[NJ-pensions@pe.state.nj.us](mailto:NJ-pensions@pe.state.nj.us)

CONTACT CLIENT SERVICES of  
Division of Pensions and Benefits at

(609) 292-7324  
on Monday through Friday  
from 9:00 am until 4:00 pm

Telephone number for individuals  
with hearing impaired and use a

TELECOMMUNICATION DEVICE FOR THE DEAF (TDD) is (609) 292-7710

WRITE to the Division of  
Pensions and Benefits at

Division of Pensions and Benefits  
P.O. Box 195  
Trenton, NJ 08625-0195

VISIT the Division of Pensions  
and Benefits without appointment,  
at

50 West State Street  
in downtown Trenton, New Jersey  
on Monday through Friday  
from 9:40 am until 4:00 pm.

Corner of the corner of West State and  
Broad Streets, a block east of the  
State House. DIRECTIONS to our location  
are available from our internet  
page or by calling our

Benefit Information Library  
at (609) 524-7400

open days a week, 9:00 hours a day

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**P.O. Box 295**  
**Trenton, NJ 08625-0295**

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and Benefits, without appointment,

on the third floor at ..... **50 West State Street**  
**in downtown Trenton, New Jersey**  
**on Monday through Friday**  
**from 8:40 am until 4:00 pm.**

We are on the corner of West State and  
Barracks Streets, a block east of the  
State House. **DIRECTIONS** to our location  
can be downloaded from our Internet

web site or obtained by calling our ..... **Benefit Information Library**  
**at (609) 984-7109**  
**seven days a week, 24 hours a day**

STATE OF NEW JERSEY  
DEPARTMENT OF THE TREASURY  
DIVISION OF PENSIONS AND BENEFITS  
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