

10:78-9.5 Application review

(a) The NJ FamilyCare Program eligibility vendor or County Board of Social Services will refer all applications to the Premium Support Program. The referral will consist of a copy of the original application for NJ FamilyCare and shall include copies of any pertinent documentation, including, but not limited to, any information provided by the applicant regarding his or her employer's health benefit plan.

(b) The application will be reviewed for completeness and NJ FamilyCare eligibility will be verified by the Division.

10:78-9.6 Applicant's responsibilities during the application process

(a) The Premium Support Program applicant shall provide employer health benefit plan information regarding all family members for whom coverage is sought.

(b) The applicant shall assist the Division as needed in obtaining employer health benefits plan information.

(c) If the employee fails to provide the Division with the information needed to complete the application review, the application for premium support shall be denied.

1. If the application for premium support is denied due to lack of cooperation by the employer, the applicant (and family, if applicable) shall continue to participate in a State-contracted managed care plan through the NJ FamilyCare program.

2. If the application for premium support is denied due to lack of cooperation by the applicant and after multiple attempts by the Premium Support Program to enlist cooperation, the NJ FamilyCare participation of the applicant and any other adult eligible members of the household shall be discontinued immediately. The eligible children in the household will continue to remain eligible until the next annual redetermination at which time failure to cooperate and provide necessary information shall result in termination of NJ FamilyCare eligibility for all members of the household.

10:78-9.7 Premium Support Program data collection

(a) Upon receipt of a completed application, the Premium Support Program (PSP) will:

1. Issue a notification letter to the applicant(s) stating that the application has been referred to the Premium Support Program for determination of eligibility for PSP participation; and

2. Send a letter and a Request for Information Form to the applicant's employer, seeking information on the type of employer-sponsored health plan(s) available to the employee.

10:78-9.8 Employer participation criteria

(a) The employer should complete the Request for Information Form and return the form to the Premium Support Program (PSP) with a copy of the employer's Statement of Insurance Coverage.

(b) An application to participate in the Premium Support Program shall be supported by the indication by the applicant's employer that the employer contributes, at a minimum, 50 percent of the annual cost of the insurance premium for the employee (and family, as applicable). If the employer does not contribute 50 percent of the premium cost, the PSP application shall be denied and the applicant shall continue to participate in a State-contracted managed care program through the NJ FamilyCare program.

(c) If the employer does attest to contributing, at a minimum, 50 percent of the annual cost of premium on behalf of the employee (and family, as applicable), the Division will evaluate the application for cost-effectiveness, in accordance with N.J.A.C. 10:78-9.10.

10:78-9.9 Employer plan review

(a) Upon return of the employer's completed "Request for Information Form" and "Statement of Insurance Coverage," the Premium Support Program will initiate a two step review of the employer plan to determine if the plan meets the Division's plan participation requirements, as follows:

1. Step I: The employer-sponsored plan shall be compared, benefit-by-benefit, to the NJ FamilyCare Plan 'D' service package, to determine whether the employer-sponsored plan's services are the same services the employee would be eligible for under NJ FamilyCare.

i. If the employer is a large employer, both the specific services and the extent of coverage of the services shall be at least equal to the services in the NJ FamilyCare Plan D service package.

ii. If the employer is a small employer, the specific services shall be identical to the services in the NJ FamilyCare Plan D service package; however, the extent of coverage of the services need not be the same as the extent of coverage in the NJ FamilyCare Plan D service package. For small employer health plan information, refer to N.J.A.C. 11:21.

2. Step II: The employer plan will be evaluated for cost effectiveness, in accordance with N.J.A.C. 10:78-9.10.

10:78-9.10 Cost-effectiveness test

(a) Cost-effectiveness shall be determined by comparing the cost of the beneficiary/employee and all eligible family members' participation in the NJ FamilyCare program against the total cost to the State of reimbursing the beneficiary/employee for the employee share of the cost of family coverage less a monthly premium contribution amount for the family purchasing the employer plan. The amounts used

for the calculations in this section shall be derived from actuarial tables used by the NJ FamilyCare program and actual costs reported by the employee/employer during the processing of the Premium Support Program (PSP) application.

(b) For the State to provide benefits under NJ FamilyCare, an actuarially valid total cost per family per month will be determined, using current data from NJ FamilyCare (NJFC), Managed Care participant rates.

(c) The cost of the employer-sponsored plan shall be determined by totaling the costs to the State to participate in the employer-sponsored plan.

1. The monthly amount of the employee premium plus the actuarial value of all excess cost-sharing expenditures (co-payments, deductible and coinsurance), less the NJ FamilyCare/Premium Support Program monthly premium amount, plus the cost of "wraparound" services, if applicable, will constitute the total cost to the State to purchase the employer plan.

(d) As a condition of PSP approval, the result of the cost-effectiveness test shall indicate a cost savings difference of, at a minimum, five percent between what the State would pay for the employee's participation in the employer-sponsored health plan and what the State would pay for the employee's participation in the NJ FamilyCare program.

(e) If the employer-sponsored plan is determined by the Division to be cost-effective in accordance with (d) above, the applicant shall participate in the Premium Support Program. If the employer-sponsored plan is determined not cost-effective, in accordance with (d) above, the beneficiary will continue to participate in the NJ FamilyCare program.

10:78-9.11 Plan approval notification and premium support payments

(a) If the beneficiary/employee is found eligible to participate in the Premium Support Program (PSP), a letter of notification will be sent to the employee. The notification letter will advise the employee of PSP approval and request that the beneficiary/employee and all eligible family members be enrolled in the employer-sponsored plan at the earliest possible date.

(b) The letter of notification will provide a suggested future date of plan enrollment, and a date on which the first PSP payment should be made.

1. The first PSP payment will be made to the employee in advance of the first payroll deduction by the employer.

(c) All PSP participants' payments to their employers shall be subject to verification by the Division.

(d) The PSP beneficiary/employee shall submit proof of employer plan participation prior to the payment by the Division of any premium support payments after the initial payment. Proof of employer plan participation shall include, but need not be limited to: payroll stubs indicating the amount of the employee's contribution to employer plan coverage, a copy of the insurance carrier identification card indicating all covered family members, or a letter of coverage from the employer or insurance carrier. All documents submitted shall be subject to verification by the Division.

10:78-9.12 Payment of premium support to beneficiaries

(a) All Premium Support Program (PSP) payments will be made directly to the beneficiaries, for a portion of the amount payable to the employer by the beneficiary for the employer-sponsored health plan.

(b) The periodic payments to the beneficiary will coincide with the schedule of payroll deductions as established by the employer.

(c) The amount of the periodic payments to the employee shall be the amount of the employee's contribution to the employer's plan, less the monthly NJFC/PSP premium amounts for which the employee is responsible, in accordance with N.J.A.C. 10:78-9.13.

10:78-9.13 NJ FamilyCare/Premium Support Program payment formula

(a) A monthly premium charge shall be assessed and collected for all participants in the NJ FamilyCare Premium Support Program (PSP), as provided in this section.

(b) Effective February 1, 2003, NJ FamilyCare PSP participants whose gross income, as adjusted for the size of the family unit, exceeds 150 percent, but is not in excess of 200 percent, of the Federal poverty level shall be responsible for a monthly premium of \$27.50 for the first adult, \$11.00 for the second eligible adult in the household unit, and \$11.00 per month for one or more children. For example:

1. A family of two adults and one child would pay \$49.50 per month;
2. A family of two adults and three children would pay \$49.50 per month;
3. A family of one adult and one child would pay \$38.50 per month; and
4. A family of one adult and three children would pay \$38.50 per month.

(c) Effective February 1, 2003, NJ FamilyCare PSP participants whose gross income, as adjusted for the size of the family unit, exceeds 200 percent, but does not exceed 250 percent, of the Federal poverty level shall be responsible for a monthly premium of \$22.00 for one or more children.

(d) Effective February 1, 2003, NJ FamilyCare PSP participants whose gross income, as adjusted for the size of the family unit, exceeds 250 percent, but does not exceed 300 percent, of the Federal poverty level shall be responsible for a monthly premium of \$55.00 for one or more children.

(e) Effective February 1, 2003, NJ FamilyCare PSP participants whose gross income, as adjusted for the size of the family unit, exceeds 300 percent, but does not exceed 350 percent, of the Federal poverty level shall be responsible for a monthly premium of \$99.00 for one or more children.

(f) The premiums required in accordance with (b) through (e) above shall be adjusted each July 1 in accordance with the change in the Consumer Price Index published by the U.S. Department of Labor. The amounts in (b) through (e) above will be revised annually by a notice of administrative change published in the New Jersey Register.

Special amendment, R.2003 d.98, effective February 1, 2003 (to expire March 3, 2006).

See: 35 N.J.R. 1303(a).

Rewrote (b); in (c), (d) and (e), inserted "Effective February 1, 2003" preceding "NJ FamilyCare PSP" and amended the monthly premiums throughout; added (f).

10:78-9.14 Payment of cost sharing expenditures

(a) The Premium Support Program (PSP) will reimburse the beneficiary for the difference between the NJFC/PSP co-payment amount and that of the employer-sponsored plan co-payment amount. For example, if the NJFC/PSP co-payment amount for a physician's office visit is \$5.00 and the employer-sponsored plan co-pay charge is \$15.00 for the same service, the PSP will reimburse the beneficiary the difference in excess of the NJFC/PSP co-payment amount (\$10.00).

(b) Copayment amounts for services available through the HMO shall be consistent with those of the NJ FamilyCare program (see N.J.A.C. 10:78).