

STATE OF NEW JERSEY

GOVERNOR PHIL MURPHY

GOVERNOR'S TASK FORCE RECOMMENDS INNOVATIVE SHORT-TERM SOLUTIONS TO IMPROVE QUALITY OF HEALTH BENEFITS, BOOST ACCOUNTABILITY & OVERSIGHT

12/21/2018

Governor's Task Force Recommends Innovative Short-Term Solutions to Improve Quality of Health Benefits, Boost Accountability & Oversight

TRENTON – Governor Phil Murphy's Health Benefits Quality and Value Task Force released its interim report today with recommendations for short-term actions the state can take to improve the value of public employee health benefits and lower cost-drivers by employing efficiencies in the contracting and management of both the state employee and school employee benefit plans.

"This is an excellent starting point in our ongoing pursuit of innovative solutions to improve the way we provide health benefits to public employees," said Governor Murphy. "I want to thank all of our task force members for their hard work and dedication, as well as the members of the public who provided constructive input. This is a Goliath of a task, but the blueprint we provide today provides sound, actionable items that are achievable in the immediate future while we work towards long-term solutions."

Formed by the Governor in late May (https://urldefense.proofpoint.com/v2/url?u=https-3A__t.e2ma.net_click_ry5a2_nrddit_rei7bg&d=DwMFaQ&c=4BTEw-1msHjOY4ITcFLmDM6JB8x6ZgbU2J24IH0HZLU&r=xF3DPDNEH8rwpTwktOjb4MHQ0EgF6v3M0zt3hszQvyU&m=vKy84zZH4D5R8JZW9whDnXdVhNZ3kUEXHmsnMsLOJw8&85NvZi13XWfyuA4jkOZLELwnZslXVJ1nw&e=), the task force is comprised of state and national health policy and purchasing experts, union and employer stakeholders, and experts within the administration. It was charged with identifying specific near-term opportunities for reform, including best practices in health management and cost savings, in order to inform the design of the commercial health benefits Request for Proposal (RFP) that is underway for active employees.

Since its formation, the task force has held five official meetings and numerous internal working group meetings, as well as three public listening sessions that saw testimony from members of the public and generated nearly as many electronic comment submissions, all of which helped inform the recommendations released today.

"These recommendations can bring about savings while also improving how the state delivers benefits to public workers. Using innovation and accountability will make the system more efficient while also improving quality and ensuring access to care," said Human Services Commissioner and task force Chair, Carole Johnson. "The task force remains focused on long-term reforms, but these recommendations are a good first step, and I thank the task force members and the public for their hard work and ideas. We remain committed to Governor Murphy's goal of high quality and value in these important health benefit programs."

The recommendations identify a number of quickly actionable items to improve the contracting and management of public employee health benefits, broken down among five key areas:

1) Support Innovation to Improve Health Outcomes and Costs - SHBP/SEHP should use its leverage as a payor that spends almost \$7 billion in total state and local expenditures a year on health care to drive better health outcomes at lower costs. Chief recommendations include:

- well-designed and evaluated pilot programs; directly contracting with select providers or vendors for the purpose of pilot testing, surveying, and evaluating care delivery and payment innovations; continuing the direct primary care pilot while addressing implementation barriers; and a pilot focused on behavioral health, including trauma-informed care.

2) Improve Contractor Accountability - The task force is concerned about the length of the current third-party administrator and provider network contract and restrictions that provide little to no opportunity for innovation or re-negotiation. Chief recommendations include:

- reducing the length of the contract term to three years with a one-year extension option; including real or near real time auditing of claims data; and unbundling the management of the provider network function in the current contract from the claims administration function.

3) Prioritize Quality – Public employee health plans must set clear expectations for clinical quality improvement and the provider network must include metrics, goals and penalties for achieving or failing to achieve these expectations. Chief recommendations include:

- making sure contracts include performance standards for clinical quality outcomes; setting well-defined clinical quality metrics; targeting high cost, chronic conditions and other disease states with significant disparities in health outcomes; setting clear expectations and metrics for case management programs, particularly in reducing hospital readmissions, emergency department utilization, and/or complications from poor medication management and adherence; and utilizing care management programs for members with complex, high cost conditions.

4) Ensure Access to Care – Public employee health plans should set much more detailed parameters for what constitutes network adequacy for mental health and substance use disorders. Chief recommendations include:

- Dedicating language in the contract that clearly defines expectations for the timely access to emergent and urgent care and routine care services; making clear the scope of services that must be covered for mental health and substance use disorders and the levels of prior authorization required; ensuring that the behavioral health provider network meets member needs as defined in the vendor contract; and evaluating access to mental health and substance use disorder payment rates and access to services to determine their adequacy.

5) Use Data and Analytics to Improve Outcomes and Reduce Costs - Plan design committees need to make evidence-informed decisions about plan design and timely claims and payment data is essential to these decisions. Chief recommendations include:

- Ensuring that the third-party contract for managing claims payment and administration clearly provide for real-time cost and utilization data; conducting continuous ongoing analysis of this data to identify and pursue steps to lower costs across the programs; and levying penalties on vendor for any failure to produce timely data.

Combined, New Jersey's State Health Benefits Plan (SHBP) and School Employees Health Benefits Plan (SEHBP) provide medical, prescription drug and dental benefits to more than 810,000 state employees, local education employees, participating local government employees, and eligible retirees. The state's fiscal year 2019 budget includes \$3.4 billion for health benefits coverage for members of these plans, which represents about 9.1 percent of the overall state budget.

As part of a concerted effort to tackle these cost-drivers, the Murphy administration in September announced health benefit agreements (https://urldefense.proofpoint.com/v2/url?u=https-3A__t.e2ma.net_click_ry5a2_nrddit_76i7bg&d=DwMFaQ&c=4BTEw-1msHjOY4ITcFLmDM6JB8x6ZgbU2J24IH0HZLU&r=xF3DPDNEH8rwpTwktObj4MHQ0EgF6v3M0zt3hszQvyU&m=vKy84zZH4D5R8JZW9whDnXdVhNZ3kUEXHmsnMsLOJw8&b7Q1Xs7MJOREu6_EM-J8lcNSAiz3EW8nbOd2uF7oQ&e=) with public employee unions across the board that will save the state and local governments roughly half a billion dollars over the next two years.

The short-term recommendations released today will build upon those efforts while the task force explores more long-term and innovative reforms for the broader health benefits system, which will culminate with the delivery of a comprehensive report to the Governor.

A full copy of the interim report can be found here. (https://urldefense.proofpoint.com/v2/url?u=https-3A__t.e2ma.net_click_ry5a2_nrddit_nzj7bg&d=DwMFaQ&c=4BTEw-1msHjOY4ITcFLmDM6JB8x6ZgbU2J24IH0HZLU&r=xF3DPDNEH8rwpTwktObj4MHQ0EgF6v3M0zt3hszQvyU&m=vKy84zZH4D5R8JZW9whDnXdVhNZ3kUEXHmsnMsLOJw8&b7Q1Xs7MJOREu6_EM-J8lcNSAiz3EW8nbOd2uF7oQ&e=)

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