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STATE HEALTH
BENEFITS PROGRAM
OF NEW JERSEY
2000 Annual Report



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STATE HEALTH
DEPARTMENT PROGRAM
OF NEW JERSEY
2000 Annual Report

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State Treasurer

DIVISION OF PENSIONS
AND BENEFITS

Thomas P. Bryan
Director

STATE HEALTH
BENEFITS PROGRAM
OF NEW JERSEY

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Secretary



State of New Jersey
DIVISION OF PENSIONS AND BENEFITS
PO Box 295 • Trenton, NJ 08625-0295

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 2000 Annual Report in accordance with the provisions of N.J.S.A. 52:14-17.27.

We have had a year that has seen many positive changes. The State Health Benefits Commission negotiated new performance guarantee agreements with all State Health Benefits Program (SHBP) participating HMOs that place 10% of their administrative charges at risk if they do not meet certain standards of service and quality of care. Incorporated into the performance guarantees is a decision to use the State Department of Health and Senior Services (DHSS) annual HMO Performance Report as a measure of quality of care. Of the ten percent at risk, 5% is directly tied to the "report card" findings of the DHSS. This innovative, cooperative effort between two State agencies to promote quality of care activities is unprecedented among States and municipalities and is indicative of our commitment to provide quality health care to our members.

We will continue to pursue new and innovative benefit designs and concepts that will enhance the care to our members while continuing to contain health costs for all concerned.

Respectfully submitted,

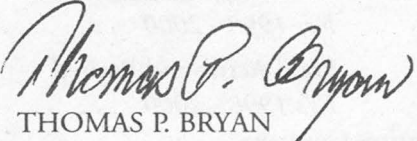

THOMAS P. BRYAN
Secretary

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NEW JERSEY
State Health Benefits Program

Mission

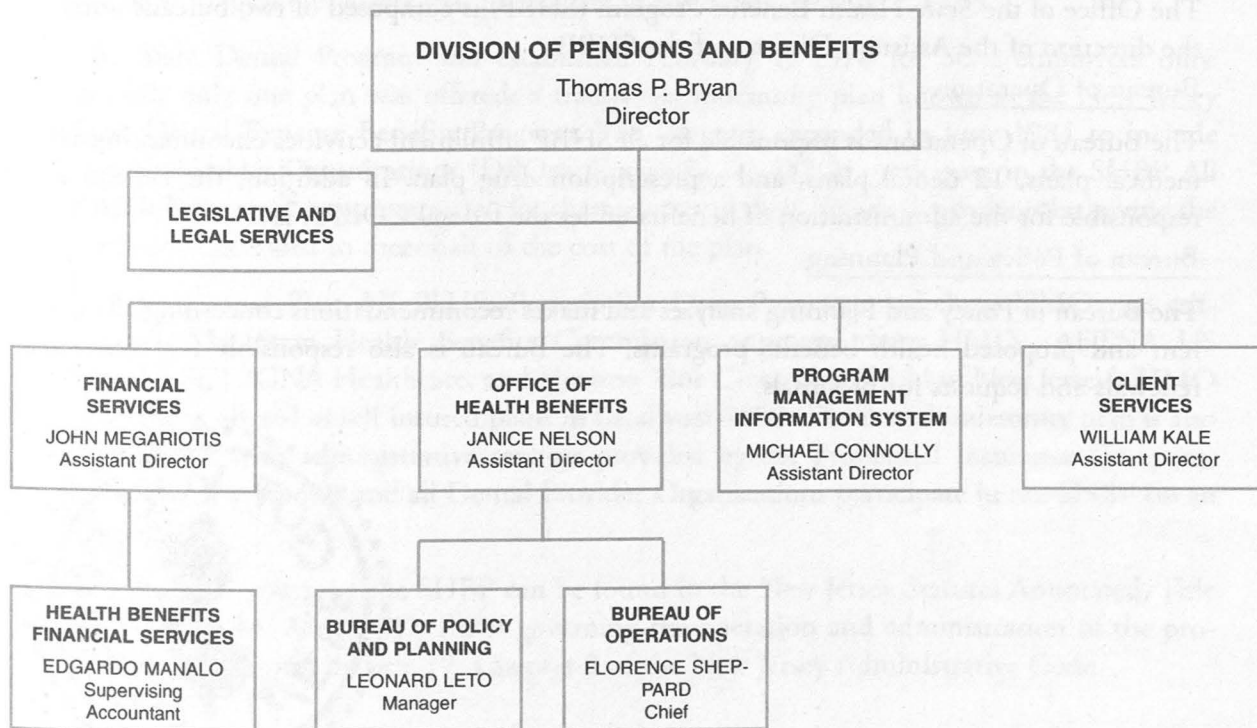
The State Health Benefits Program is committed to a standard of excellence that delivers quality health care in an efficient and cost effective manner.

Vision

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

STATE HEALTH BENEFITS PROGRAM AND RELATED SERVICES

Organization Chart



NEW JERSEY STATE HEALTH BENEFITS PROGRAM

Overview

The State Health Benefits Program (SHBP) offers a variety of health plans and delivers excellent value for the more than 660,000 active and retired New Jersey public sector employees and their dependents. The SHBP consists of two distinct groups—the State Group and Local Government Group that includes entities such as boards of education, municipalities, counties, etc.

The responsibility for the operations of the SHBP 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.

Office of the State Health Benefits Program

The Office of the State Health Benefits Program (SHBP) is composed of two bureaus under the direction of the Assistant Director of the SHBP.

Bureau of Operations

The Bureau of Operations is responsible for all SHBP enrollment activities encompassing 10 medical plans, 12 dental plans, and a prescription drug plan. In addition, the Bureau is responsible for the administration of benefits under the federal COBRA law.

Bureau of Policy and Planning

The Bureau of Policy and Planning analyzes and makes recommendations concerning all current and proposed health benefits programs. The Bureau is also responsible for contract renewals and requests for proposals.



NEW JERSEY

State Health Benefits Program

The State Health Benefits Program was established by Chapter 49, P.L. 1961 (N.J.S.A. 52:14-17.25 et seq.) to provide traditional indemnity 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 (N.J.S.A. 26:2J-29) authorized the establishment of Health Maintenance Organizations to be offered to both State and local employers. The first HMO enrollment took place in 1976. Currently eight HMOs participate in the State Health Benefits Program.

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.

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 (DPOs). Currently, ten DPOs participate in the SHBP. 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 Plan, NJ PLUS, Prescription Drug Program, and three HMOs are self-insured. The State Health Benefits Commission approved three HMOs, AETNA US Healthcare, CIGNA Healthcare, and Horizon Blue Cross Blue Shield of New Jersey's HMO Blue, to be offered as self insured plans in fiscal year 1999. The dental indemnity plan is also self-funded, with administrative services provided by the Prudential Insurance Company. Currently five HMOs and all Dental Provider Organizations participate in the SHBP on an insured basis.

The Statutes 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.

NEW JERSEY
STATE HEALTH BENEFITS PROGRAM

Medical Plans Offered

NJ PLUS

A point-of-service plan that utilizes a gatekeeper approach and offers in-network services as well as the health promotion features of managed care plans. The plan also offers out-of-network services, such as full choice of physicians, subject to deductibles, coinsurance and reasonable and customary charges similar to the Traditional Plan.

Traditional Plan

An indemnity plan that allows free choice of medical providers and facilities but requires out-of-pocket payments since reimbursement is subject to reasonable and customary allowances, deductibles and coinsurance. The plan does not provide coverage for wellness services such as routine checkups and screening tests.

Health Maintenance Organizations (HMOs)

Choices include comprehensive health plans where employees can choose a primary care physician from a closed network of participating providers. Most cover the entire State and adjacent counties in neighboring states where licensed. For Medicare-eligible retirees, all State participating HMOs coordinate their benefits with Medicare (effective 1/1/2000).

Dental Benefits

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

Prescription Drug Coverage

Employee Prescription Drug Plan

The Employee Prescription Drug Plan is offered to active State employees and their eligible dependents as a separate drug plan. Local employers may also elect to provide the SHBP Employee Prescription Drug Plan to their employees as a separate prescription drug benefit.

The Prescription Drug Plan is currently administered by Horizon Blue Cross Blue Shield of New Jersey (Horizon BCBSNJ) through Merck-Medco, L.L.C., and its affiliate, PAID Prescriptions, L.L.C.

For each 30-day supply obtained at a retail pharmacy, participants pay a \$1.00 co-payment for generic drugs and a \$5.00 co-payment for brand name drugs. Members may purchase up to a 90-day supply of medication at a pharmacy when prescribed by a provider, by paying applicable copayments (60-day supply-two copayments, 90-day supply-three copayments).

A mail order program is also available. When mail order is used, up to a 90-day supply of medication has a \$1.00 copayment for generic drugs and a \$5.00 copayment for brand name drugs.

Retiree Prescription Drug Coverage

Effective January 1, 2000, retirees enrolled in the Traditional Plan or NJ PLUS are also enrolled in a separate prescription drug card plan that includes a mail order service. The plan features a three-tiered design (described on page 8).

Benefit Changes

Cancer Clinical Trials

On December 16, 1999, Governor Whitman announced an agreement with the major health insurers in New Jersey to cover medical services offered through cancer clinical trials. The coverage includes benefits provided for the routine costs associated with the administration of drugs, such as hospitalization, outpatient visits, physician fees, and laboratory tests.

The State Health Benefits Commission on April 26, 2000, voted to approve the inclusion of cancer clinical trial coverage for all self-funded plans in the SHBP. Currently all State Health Benefits Program medical plans provide benefits for cancer clinical trials.

Chiropractic Benefit

The State Health Benefits Commission adopted and implemented a revised chiropractic review policy. The new controls will curb overutilization without a diminution of plan benefits.

Services Involving Treatment of Biologically-Based Mental Illnesses

On January 18, 2000, Chapter 441, PL 1999 (N.J.S.A. 52:14-29J and E) was signed into law requiring coverage for biologically-based mental illness under the same terms and conditions as provided for any other illness in the SHBP. Effective July 1, 2000, services rendered for the treatment of a biologically-based mental illness are not subject to the annual lifetime mental health maximums. Biologically-based mental illness includes, but is not limited to, schizophrenia, schizoaffective disorder, major depressive disorder, bipolar disorder, paranoia and other psychotic disorders, obsessive-compulsive disorder, panic disorder and pervasive developmental disorder or autism.

Plan Changes

New Plan Year

Effective in calendar year 2001, the State Health Benefits Commission has changed the SHBP plan year from the fiscal year (July 1 through June 30) to the calendar year (January 1 through December 31). This change, which will take effect in 2001, was implemented for several reasons:

- The annual periods used for determining NJ PLUS and Traditional Plan deductibles and coinsurance will match the new plan year, causing less confusion for participants of those plans.
- The new plan year will match the annual benefit year used by most SHBP health plans.
- The Open Enrollment for health, prescription, and dental coverage will coincide with the Open Enrollment period for the State Employee's Tax\$ave Program.
- Employees who participate in Tax\$ave, will be better able to calculate withholding for Unreimbursed Medical Spending Accounts and their estimated tax savings. Any deductibles or other unreimbursed medical expenses from the SHBP benefit year will coincide with the tax year on which Tax\$ave is based.
- For retired members, the new SHBP plan year matches the Medicare plan year and the annual period for determining Medicare deductibles.

Performance Standards Guarantees

In fiscal year 1999, Performance Standards were required of all participating HMOs to take effect in fiscal year 2000. Prior to this requirement, only the contracts for the Traditional Plan and NJ PLUS included performance

guarantees. The HMOs agreed to put at risk up to 10% of their administrative charges to meet certain quality of care measures and standards of service to their State members, the State itself and the SHBP participating local employers. Five percent of the total ten percent at risk was to be directly tied to the "New Jersey HMO Performance Report" published annually by the Department of Health and Senior Services which includes quality of care measures and satisfaction survey results of all major HMOs in New Jersey.

Retiree Prescription Drug Card Program

For retirees and their dependents who are participating in the Traditional or NJ PLUS medical plans, the following prescription drug plan was implemented January 1, 2000:

- Participating retirees pay a \$5.00 copayment for generic drugs, a \$10.00 copayment for preferred name brand drugs and a \$20.00 copayment for all other brands for up to a 30-day supply.
- Under the retiree mail order program the retiree pays a \$5.00 copayment for a generic drug, a \$15.00 copayment for a preferred brand name drug and a \$25.00 copayment for all other brand name drugs for up to a 90-day supply. The Plan pays the remainder of the cost.
- Under the retail program a doctor may request a supply of a drug for 30, 60, or a maximum of 90 days. The member is required to pay the appropriate copayment for the days supply.
- When an individual's copayments total \$300.00 per year, no further copayments are required for the remainder of the year.
- Effective in 2002, the Commission will begin adjusting copayments and the \$300 out-of-pocket maximum to reflect changes in inflation.

Plans for Medicare Recipients

As of January 1, 2000, all Medicare+Choice HMOs were eliminated from the SHBP. A SHBP eligible retiree also covered by Medicare, may enroll in any of the health plans offered by the SHBP. Benefits under all plans supplement benefits provided by Medicare so that medical coverage is identical to that of active employees.

Prescription Plan, Traditional Plan, and NJ PLUS

On November 10, 1999 the policy for prescription drugs Viagra, Muse, Caverject, and Edex was amended so that they may be dispensed per 30 day period rather than per month.

Biofeedback for Eligible Medical Diagnoses

Expenses for biofeedback for medical diagnoses will be charged to major medical coverage. Expenses for mental health diagnoses will be reimbursed in accordance with the plan's mental health benefit. Expenses for biofeedback for non-biologically-based mental illness will be applied to the mental health maximum.

Physicians Health Service (PHS) HMO

On January 31, 2000 the Commission approved a pilot program whereby PHS members may directly access specialists without a referral from their Primary Care Physician (PCP).

2000 Significant Legislation

HIPAA Requirements for 2000

The State Health Benefits Commission has filed for exemption from the HIPAA mental health parity requirement with the federal Health Care Financing Administration for calendar year 2000. As a result, the maximum annual and lifetime dollar limits for mental health benefits under the Traditional Plan and NJ PLUS has not changed.

Chapter 390, Public Law of 1999

This law impacts the insured managed care plans that participate in the SHBP.

This law requires carriers which offer managed care plans, including health maintenance organizations and preferred provider organizations and selective contracting arrangements offered by health insurance companies in the State, to provide for the continuation of treatment by a physician, under certain circumstances, in the event that the physician is no longer employed by the carrier.

Specifically, the law permits a covered person who is receiving post-operative follow-up care, oncological treatment, psychiatric treatment or obstetrical care by a physician who is employed by or under contract with a carrier at the time the treatment is initiated, to continue to be treated by that physician for the duration of the treatment in the event that the physician is no longer employed by or under contract with the carrier as follows:

- (1) for a period not to exceed six months in the case of post-operative follow-up care;
- (2) for a period not to exceed one year in the case of oncological treatment and psychiatric treatment; and
- (3) through the duration of a pregnancy and up to six weeks after delivery in the case of obstetrical care.

The continuation of treatment by a particular physician shall be at the option of the covered person.

The law also provides that a carrier which offers a managed care plan shall provide in that plan for continued coverage of other health care services by a physician who was employed by or under contract with the carrier at the time the treatment was initiated, but is no longer employed by or under contract with the carrier, for up to 120 calendar days in cases where it is medically necessary for the covered person to continue treatment with that physician.

Health care benefits or services, as applicable, shall be provided by the health benefits plan for treatment of the specified conditions and any medically necessary treatment to the same extent as such benefits or services were provided while the physician was employed by or under contract with the carrier. Reimbursement for the health care services shall be pursuant to the same fee schedule used to reimburse for the services when the physician was employed by or under contract with the carrier.

The law provides that a carrier shall not be liable for any inappropriate treatment provided to the covered person by a physician who is no longer employed by or under contract with the carrier. Also, the provisions of the law shall not apply to health care services provided by a physician who is the subject of disciplinary action by the State Board of Medical Examiners.

This law was approved on January 18, 2000.

Chapter 441, Public Law of 1999

This law requires that the State Health Benefits Commission provide the same coverage for biologically-based

mental illness to persons covered under the State Health Benefits Program as that required for other health insurers and health maintenance organizations under P.L.1999, c.106.

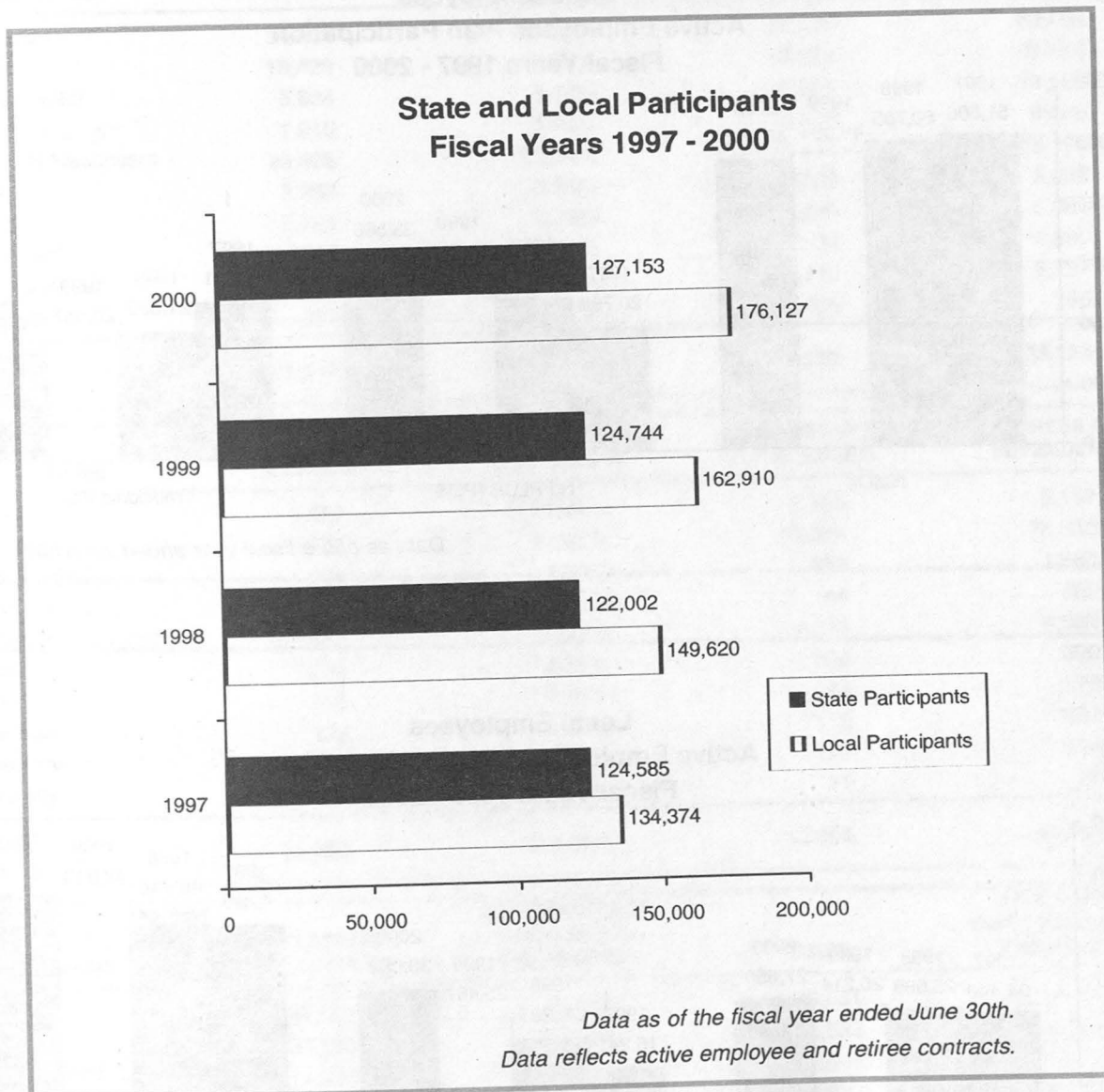
Specifically, this law:

- requires that coverage be provided for biologically-based mental illness under the same terms and conditions as provided for any other sickness under the contract;
- defines "biologically-based mental illness" as a mental or nervous condition that is caused by a biological disorder of the brain and results in a clinically significant or psychological syndrome or pattern that substantially limits the functioning of the person with the illness, including but not limited to, schizophrenia, schizoaffective disorder, major depressive disorder, bipolar disorder, paranoia and other psychotic disorders, obsessive-compulsive disorder, panic disorder and pervasive developmental disorder or autism;
- defines "same terms and conditions" to mean that a health insurance carrier cannot apply different copayments, deductibles or benefit limits to biologically-based mental health benefits than those applied to other medical or surgical benefits;
- stipulates that its provisions shall not be construed to change the manner in which a health insurance carrier determines:
 - a. whether a mental health care service meets the medical necessity standard as established by the carrier; or
 - b. which health care providers shall be entitled to reimbursement for providing services for mental illness under the contract; and
- requires the State Health Benefits Commission to provide notice to employees regarding the coverage required by this bill in accordance with the provisions of the bill and regulations adopted by the Commissioner of Health and Senior Services.

The law clarifies that its provisions are an exception to the provisions in N.J.S.A.52:14-17.29, which provides for annual and lifetime caps on eligible expenses incurred because of mental illness or functional nervous disorders (a category which is broader than the biologically-based mental illnesses addressed in this law) that are lower than for major medical expense benefits.

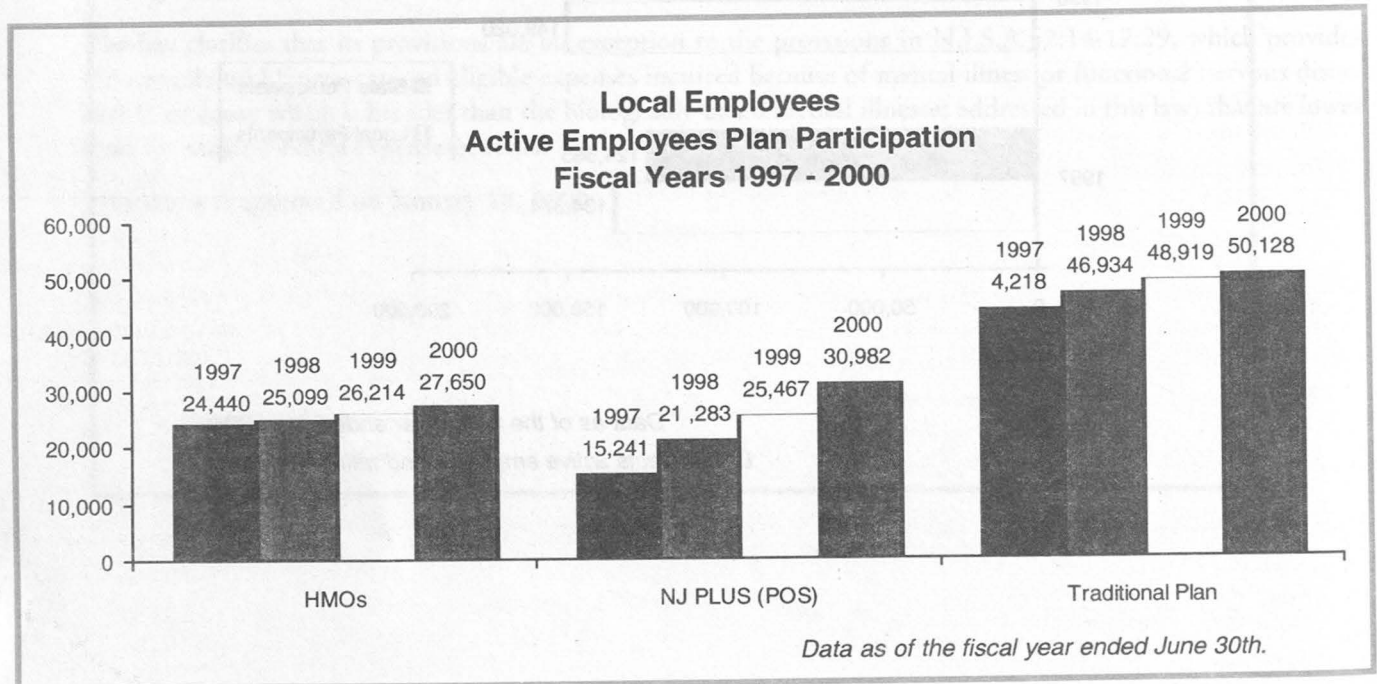
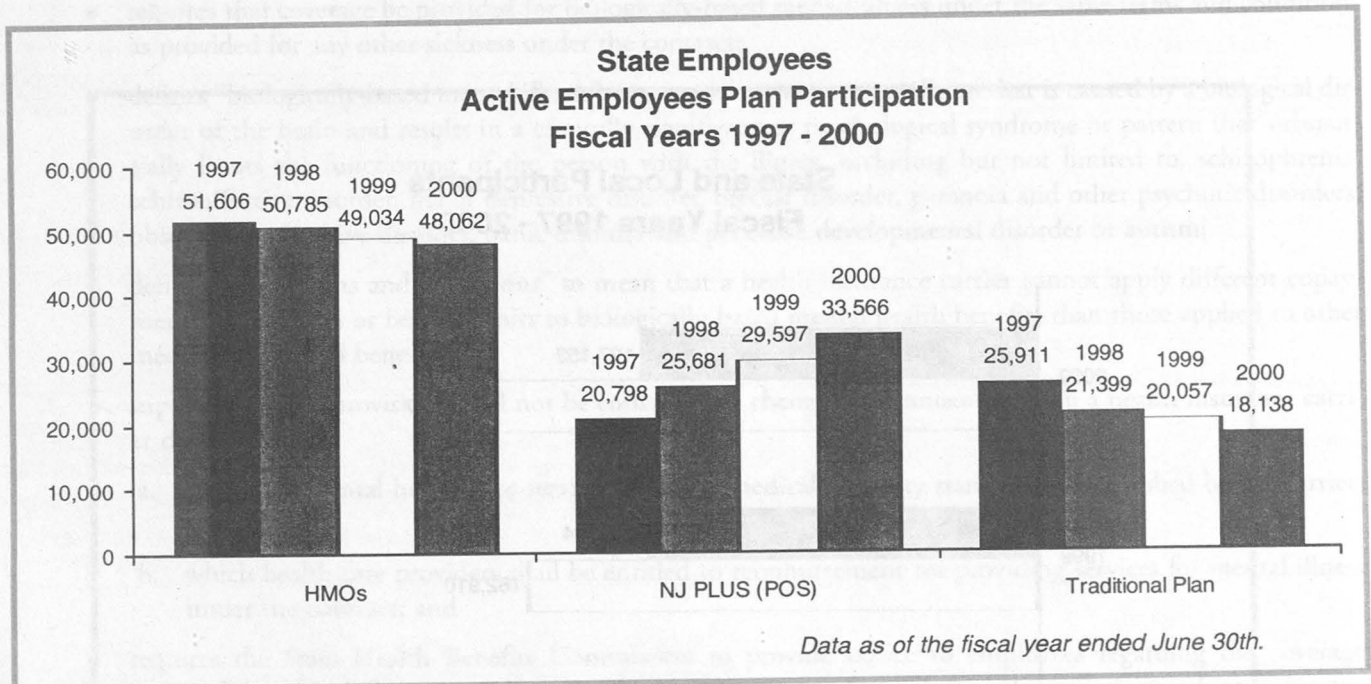
This law was approved on January 18, 2000.

NEW JERSEY STATE HEALTH BENEFITS PROGRAM
Membership



NEW JERSEY STATE HEALTH BENEFITS PROGRAM

Membership



NEW JERSEY STATE HEALTH BENEFITS PROGRAM

Plan Enrollment by State Employer Group — As of June 30, 2000

PLAN NAME	EMPLOYEES	AS A % OF EMPLOYEE ENROLLMENT	DEPENDENTS OF EMPLOYEES	EMPLOYEES AND DEPENDENTS
NJ PLUS	34,369	33.98%	46,035	80,404
Traditional	18,429	18.22%	19,574	38,003
Horizon HMO	5,934	5.87%	8,091	14,025
Prudential	1,940	1.92%	2,896	4,836
Aetna/US Healthcare	29,678	29.34%	45,449	75,127
Cigna	3,283	3.25%	4,769	8,052
Oxford	2,765	2.73%	4,099	6,864
Amerihealth	1,746	1.73%	2,534	4,280
Physicians	2,627	2.60%	4,110	6,737
University	371	0.37%	425	796
TOTAL	101,142	100.00%	137,982	239,124

PLAN NAME	RETIREES	AS A % OF RETIREE ENROLLMENT	DEPENDENTS OF RETIREES	RETIREES AND DEPENDENTS
NJ PLUS	3,032	11.64%	2,125	5,157
Traditional	18,506	71.03%	10,024	28,530
Horizon HMO	1,298	4.98%	682	1,980
Prudential	56	0.21%	44	100
Aetna/US Healthcare	2,458	9.43%	1,630	4,088
Cigna	222	0.85%	168	390
Oxford	103	0.40%	73	176
Amerihealth	172	0.66%	115	287
Physicians	183	0.70%	131	314
University	22	0.08%	11	33
TOTAL	26,052	100.00%	15,003	41,055

PLAN NAME	EMPLOYEES AND RETIREES	DEPENDENTS OF EMPLOYEES AND RETIREES	TOTAL	AS A % OF ALL STATE ENROLLMENT (TOTAL LIVES)
NJ PLUS	37,401	48,160	85,561	30.54%
Traditional	36,935	29,598	66,533	23.75%
Horizon HMO	7,232	8,773	16,005	5.71%
Prudential	1,996	2,940	4,936	1.76%
Aetna/US Healthcare	32,136	47,079	79,215	28.27%
Cigna	3,505	4,937	8,442	3.01%
Oxford	2,868	4,172	7,040	2.51%
Amerihealth	1,918	2,649	4,567	1.63%
Physicians	2,810	4,241	7,051	2.52%
University	393	436	829	0.30%
TOTAL	127,194	152,985	280,179	100.00%

NEW JERSEY STATE HEALTH BENEFITS PROGRAM

Plan Enrollment by Local Employer Group (Education Employers) — As of June 30, 2000

PLAN NAME	EMPLOYEES	AS A % OF EMPLOYEE ENROLLMENT	DEPENDENTS OF EMPLOYEES	EMPLOYEES AND DEPENDENTS
NJ PLUS	19,408	27.54%	28,422	47,830
Traditional	35,344	50.16%	46,619	81,963
Horizon HMO	1,425	2.02%	1,995	3,420
Prudential	656	0.93%	1,045	1,701
Aetna/US Healthcare	8,881	12.60%	12,970	21,851
Cigna	1,473	2.09%	2,344	3,817
Oxford	1,503	2.13%	2,346	3,849
Amerihealth	605	0.86%	1,008	1,613
Physicians	1,142	1.62%	1,917	3,059
University	31	0.04%	42	73
TOTAL	70,468	100.00%	98,708	169,176

PLAN NAME	RETIREES	AS A % OF RETIREE ENROLLMENT	DEPENDENTS OF RETIREES	RETIREES AND DEPENDENTS
NJ PLUS	4,113	8.28%	3,088	7,201
Traditional	42,516	85.58%	24,584	67,100
Horizon HMO	720	1.45%	384	1,104
Prudential	55	0.11%	32	87
Aetna/US Healthcare	1,711	3.44%	1,151	2,862
Cigna	222	0.45%	165	387
Oxford	90	0.18%	50	140
Amerihealth	142	0.29%	99	241
Physicians	105	0.21%	63	168
University	8	0.02%	6	14
TOTAL	49,682	100.00%	29,622	79,304

PLAN NAME	EMPLOYEES AND RETIREES	DEPENDENTS OF EMPLOYEES AND RETIREES	TOTAL	AS A % OF ALL ENROLLMENT (TOTAL LIVES)
NJ PLUS	23,521	31,510	55,031	22.15%
Traditional	77,860	71,203	149,063	59.99%
Horizon HMO	2,145	2,379	4,524	1.82%
Prudential	711	1,077	1,788	0.72%
Aetna/US Healthcare	10,592	14,121	24,713	9.95%
Cigna	1,695	2,509	4,204	1.69%
Oxford	1,593	2,396	3,989	1.61%
Amerihealth	747	1,107	1,854	0.75%
Physicians	1,247	1,980	3,227	1.30%
University	39	48	87	0.04%
TOTAL	120,150	128,330	248,480	100.00%

NEW JERSEY STATE HEALTH BENEFITS PROGRAM

Plan Enrollment by Local Employer Group (Government Employers) — As of June 30, 2000

PLAN NAME	EMPLOYEES	AS A % OF EMPLOYEE ENROLLMENT	DEPENDENTS OF EMPLOYEES	EMPLOYEES AND DEPENDENTS
NJ PLUS	12,435	30.75%	19,526	31,961
Traditional	15,721	38.88%	21,779	37,500
Horizon HMO	1,916	4.74%	2,671	4,587
Prudential	381	0.94%	595	976
Aetna/US Healthcare	6,336	15.67%	9,964	16,300
Cigna	1,371	3.39%	2,448	3,819
Oxford	761	1.88%	1,368	2,129
Amerihealth	241	0.60%	364	605
Physicians	1,259	3.11%	2,368	3,627
University	16	0.04%	22	38
TOTAL	40,437	100.00%	61,105	101,542

PLAN NAME	RETIREES	AS A % OF RETIREE ENROLLMENT	DEPENDENTS OF RETIREES	RETIREES AND DEPENDENTS
NJ PLUS	1,952	12.37%	1,777	3,729
Traditional	12,387	78.52%	7,889	20,276
Horizon HMO	398	2.52%	270	668
Prudential	36	0.23%	25	61
Aetna/US Healthcare	662	4.20%	518	1,180
Cigna	134	0.85%	151	285
Oxford	63	0.40%	56	119
Amerihealth	54	0.34%	42	96
Physicians	84	0.53%	94	178
University	6	0.04%	11	17
TOTAL	15,776	100.00%	10,833	26,609

PLAN NAME	EMPLOYEES AND RETIREEES	DEPENDENTS OF EMPLOYEES AND RETIREEES	TOTAL	AS A % OF ALL ENROLLMENT (TOTAL LIVES)
NJ PLUS	14,387	21,303	35,690	27.85%
Traditional	28,108	29,668	57,776	45.08%
Horizon HMO	2,314	2,941	5,255	4.10%
Prudential	417	620	1,037	0.81%
Aetna/US Healthcare	6,998	10,482	17,480	13.64%
Cigna	1,505	2,599	4,104	3.20%
Oxford	824	1,424	2,248	1.75%
Amerihealth	295	406	701	0.55%
Physicians	1,343	2,462	3,805	2.97%
University	22	33	55	0.04%
TOTAL	56,213	71,938	128,151	100.00%

NEW JERSEY STATE HEALTH BENEFITS PROGRAM

Summary Plan Enrollment by State and Local Employer Groups — As of June 30, 2000

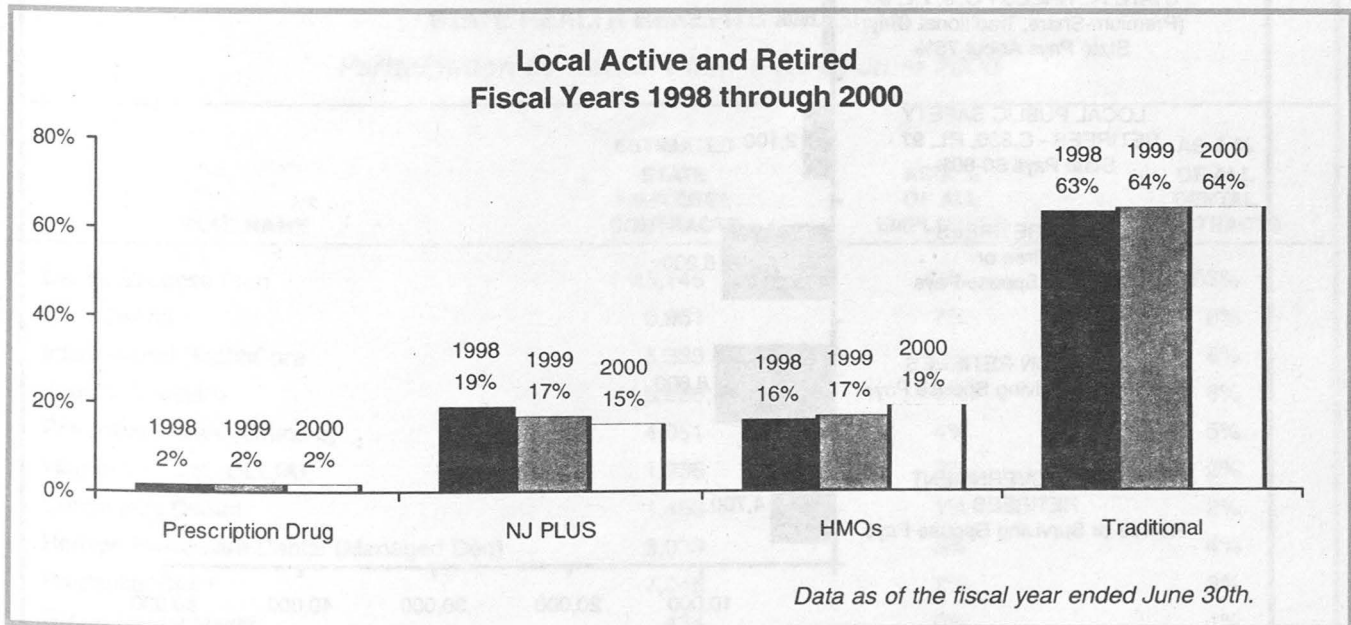
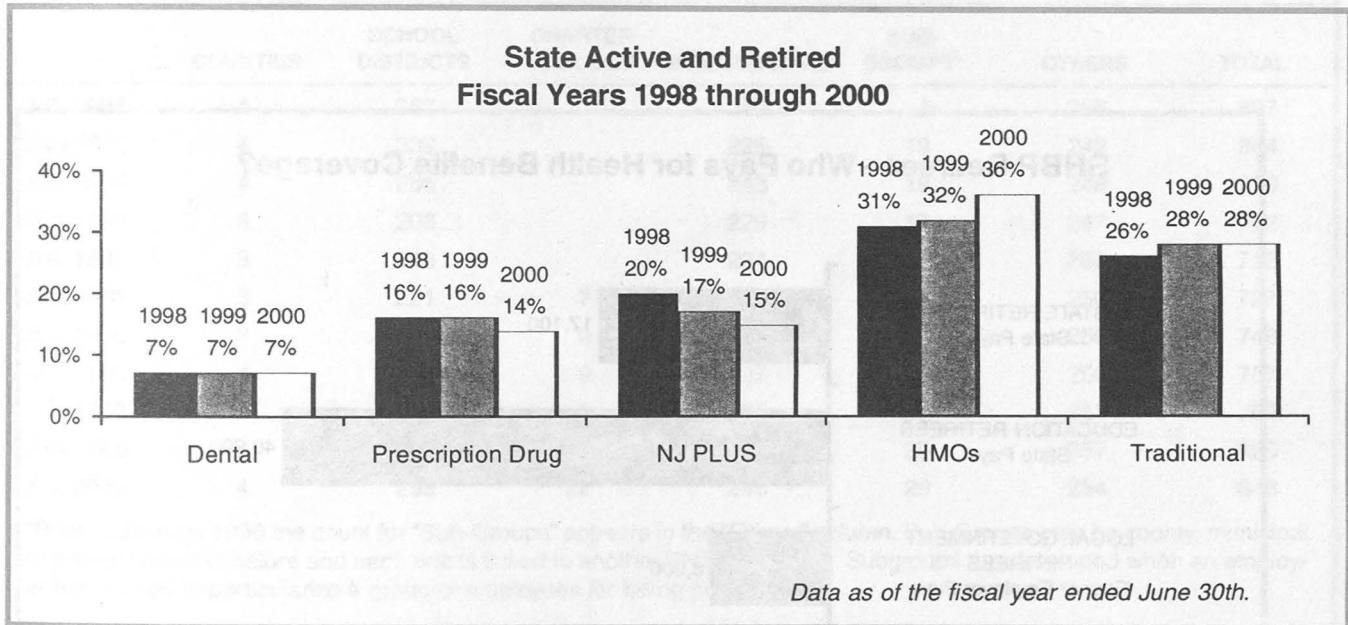
PLAN NAME	EMPLOYEES	AS A % OF EMPLOYEE ENROLLMENT	DEPENDENTS OF EMPLOYEES	EMPLOYEES AND DEPENDENTS
NJ PLUS	66,212	31.23%	93,983	160,195
Traditional	69,494	32.77%	87,972	157,466
Horizon HMO	9,275	4.37%	12,757	22,032
Prudential	2,977	1.40%	4,536	7,513
Aetna/US Healthcare	44,895	21.17%	68,383	113,278
Cigna	6,127	2.89%	9,561	15,688
Oxford	5,029	2.37%	7,813	12,842
Amerihealth	2,592	1.22%	3,906	6,498
Physicians	5,028	2.37%	8,395	13,423
University	418	0.20%	489	907
TOTAL	212,047	100.00%	297,795	509,842

PLAN NAME	RETIREES	AS A % OF RETIREE ENROLLMENT	DEPENDENTS OF RETIREES	RETIREES AND DEPENDENTS
NJ PLUS	9,097	9.94%	6,990	16,087
Traditional	73,409	80.22%	42,497	115,906
Horizon HMO	2,416	2.64%	1,336	3,752
Prudential	147	0.16%	101	248
Aetna/US Healthcare	4,831	5.28%	3,299	8,130
Cigna	578	0.63%	484	1,062
Oxford	256	0.28%	179	435
Amerihealth	368	0.40%	256	624
Physicians	372	0.41%	288	660
University	36	0.04%	28	64
TOTAL	91,510	100.00%	55,458	146,968

PLAN NAME	EMPLOYEES AND RETIREES	DEPENDENTS OF EMPLOYEES AND RETIREES	TOTAL	AS A % OF ALL SHBP ENROLLMENT (TOTAL LIVES)
NJ PLUS	75,309	100,973	176,282	26.84%
Traditional	142,903	130,469	273,372	41.62%
Horizon HMO	11,691	14,093	25,784	3.93%
Prudential	3,124	4,637	7,761	1.18%
Aetna/US Healthcare	49,726	71,682	121,408	18.48%
Cigna	6,705	10,045	16,750	2.55%
Oxford	5,285	7,992	13,277	2.02%
Amerihealth	2,960	4,162	7,122	1.08%
Physicians	5,400	8,683	14,083	2.14%
University	454	517	971	0.15%
TOTAL	303,557	352,253	656,810	100.00%

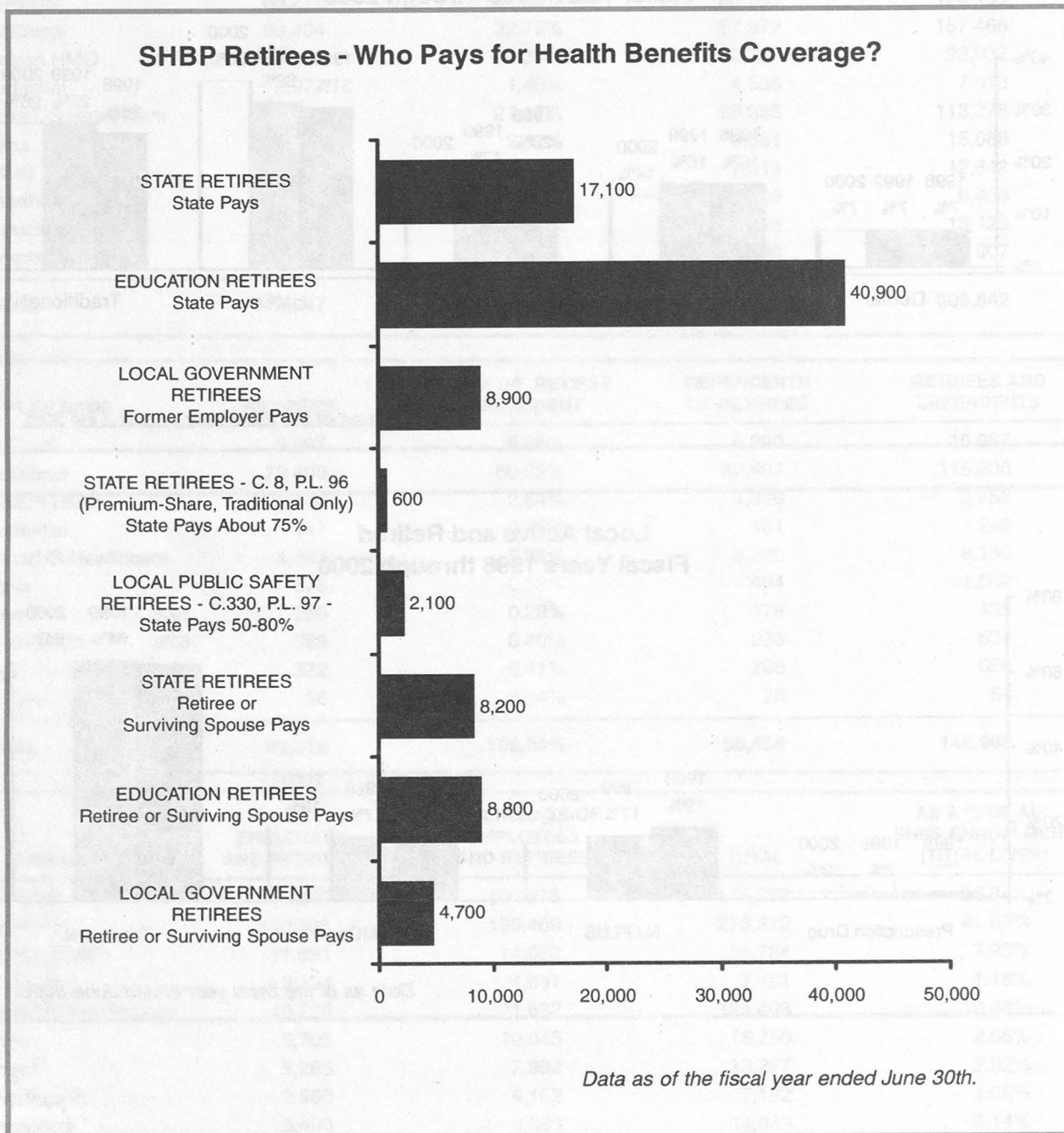
NEW JERSEY STATE HEALTH BENEFITS PROGRAM

Percentage of Health Care Dollars Active and Retired



NEW JERSEY STATE HEALTH BENEFITS PROGRAM

Retiree Coverage



NEW JERSEY STATE HEALTH BENEFITS PROGRAM

SHBP Local Participation 1995 - 2000

	COUNTIES	SCHOOL DISTRICTS	CHARTER SCHOOLS	MUNICIPALITIES	SUB-GROUPS*	OTHERS	TOTAL
JUL 1995	4	367		260	*	266	897
JAN 1996	4	339		225	19	242	864
JUL 1996	4	256		243	19	248	770
JAN 1997	3	206		229	17	247	702
JUL 1997	3	218		224	21	250	716
JAN 1998	3	221	7	225	21	250	727
JUL 1998	3	236	9	228	20	250	746
JAN 1999	4	245	9	227	22	250	757
JUL 1999	4	280	9	230	23	253	799
JAN 2000	4	278	20	236	25	257	820
JUL 2000	4	293	22	246	29	254	848

*Prior to January 1996 the count for "Sub-Groups" appears in the "Others" column. Sub-Groups may be county, municipal or school district in nature and each one is linked to another SHBP employer. Subgroups are developed when an employer has a need to particularize a group of employees for billing purposes.

STATE HEALTH BENEFITS PROGRAM

Participation by Dental Plan — As of June 2000

PLAN NAME	ESTIMATED STATE EMPLOYEE CONTRACTS	AS A % OF ALL EMPLOYEES	AS A % OF ALL DENTAL CONTRACTS
Dental Expense Plan	45,146	47%	53%
Unity Dental	6,961	7%	8%
International HealthCare	5,339	5%	6%
Atlantic Southern	6,666	7%	8%
Protective Dental (Oracare)	4,051	4%	5%
Flagship Health (DELTA)	1,936	2%	2%
Community Dental	1,468	1%	2%
Horizon Healthcare Dental (Managed Den)	3,033	3%	4%
Prudential DMO	7,048	7%	8%
Group Dental Health	434	0%	1%
Statewide DPO	313	0%	0%
Cigna Dental Health	2,447	2%	3%
Subtotals	85,842	85%	100%
Employees that did not elect coverage	15,265	15%	NA
Totals	101,107	100%	100%

TOTAL	OTHERS	SUB-GROUPS	MUNICIPALITIES	SCHOOL CHARTER SCHOOLS	COUNTIES	DISCOUNTS
200	200					
19	19					
17	17					
21	21					
20	20					
22	22					
23	23					
24	24					
25	25					
26	26					
27	27					
28	28					
29	29					
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95	95					
96	96					
97	97					
98	98					
99	99					
100	100					

KPMG LLP
 Princeton Pike Corporate Center
 P.O. Box 7348
 Princeton, NJ 08543-7348

Independent Auditors' Report

Office of Legislative Services
 Office of the State Auditor
 State of New Jersey:

We have audited the accompanying balance sheets of the State of New Jersey Health Benefits Program Fund, Dental Expense Program Fund and Prescription Drug Program Fund as of June 30, 2000, and the related statements of revenues, expenditures, and changes in fund balances for the year then ended. These financial statements are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State of New Jersey Health Benefits Program Fund, Dental Expense Program Fund and Prescription Drug Program Fund as of June 30, 2000, and the changes in its fund balances for the year then ended in conformity with accounting principles generally accepted in the United States of America.

September 8, 2000

KPMG LLP

**STATE OF NEW JERSEY
HEALTH BENEFITS PROGRAM FUND,
DENTAL EXPENSE PROGRAM FUND AND
PRESCRIPTION DRUG PROGRAM FUND**

Balance Sheets

June 30, 2000

	HEALTH BENEFITS PROGRAM FUND	DENTAL EXPENSE PROGRAM FUND	PRESCRIPTION DRUG PROGRAM FUND
Assets			
Cash and cash equivalents	\$ —	\$ 186,652	\$ 18,310
Investments, at fair value:			
U.S. Treasury notes	—	—	—
Cash Management Fund	233,359,247	7,241,489	11,531,531
Total investments	233,359,247	7,241,489	11,531,531
Receivables:			
Other	41,085,362	407,799	525,702
Due from other funds	45,470,950	4,455,299	2,214,251
Total receivables	86,556,312	4,863,098	2,739,953
Total assets	319,915,559	12,291,239	14,289,794
Liabilities			
Accounts payable and accrued expenses	256,037,125	5,074,545	8,539,000
Deferred revenue	2,804,949	934,552	—
Due to other funds	8,071	—	7,643,934
Total liabilities	258,850,145	6,009,097	16,182,934
Fund balances			
Fund balances (deficit):			
Reserved	61,065,414	6,282,142	(1,893,140)
Total liabilities and fund balances	\$ 319,915,559	\$ 12,291,239	\$ 14,289,794

See accompanying notes to financial statements.

**STATE OF NEW JERSEY
HEALTH BENEFITS PROGRAM FUND,
DENTAL EXPENSE PROGRAM FUND AND
PRESCRIPTION DRUG PROGRAM FUND**

Statements of Revenues, Expenditures, and Changes in Fund Balances
Year ended June 30, 2000

	HEALTH BENEFITS PROGRAM FUND	DENTAL EXPENSE PROGRAM FUND	PRESCRIPTION DRUG PROGRAM FUND
Revenues and additions:			
Contributions:			
Members	\$ 78,130,829	\$ 23,749,677	\$ 839,331
Employers	1,215,222,298	23,211,344	138,016,526
Total contributions	1,293,353,127	46,961,021	138,855,857
Investment income:			
Net appreciation (depreciation) in fair value of investments	(47,735)	4,638	(2,359)
Interest	15,613,855	432,515	553,899
Total investment income	15,566,120	437,153	551,540
Total revenues and additions	1,308,919,247	47,398,174	139,407,397
Expenditures and deductions:			
Benefits	1,392,310,541	46,143,271	139,093,958
Administrative expense	6,407,535	1,761,355	—
Total expenditures and deductions	1,398,718,076	47,904,626	139,093,958
Net increase (decrease)	(89,798,829)	(506,452)	313,439
Fund balances (deficit):			
Beginning of year	150,864,243	6,788,594	(2,206,579)
End of year	\$ 61,065,414	\$ 6,282,142	\$ (1,893,140)

See accompanying notes to financial statements.

STATE OF NEW JERSEY
HEALTH BENEFITS PROGRAM FUND,
DENTAL EXPENSE PROGRAM FUND AND
PRESCRIPTION DRUG PROGRAM FUND

Notes to Financial Statements

June 30, 2000

(1) DESCRIPTION OF THE FUNDS

The State of New Jersey sponsors and administers the following expendable trust funds which have been included in the accompanying financial statements of the State of New Jersey Division of Pensions and Benefits:

State Health Benefits Program Fund (SHBP)
Dental Expense Program Fund (DEPF)
Prescription Drug Program Fund (PDPF)

The financial statements of these trust funds (the Funds) have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Division's accounting policies are described below:

Fund accounting:

The accounts of the Division are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that the resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. All funds are classified as fiduciary.

Fiduciary funds:

Trust and agency funds - The trust and agency funds are used to account for assets held by the Division on behalf of outside parties, including plan participants and the State of New Jersey.

The Funds are administered by the Division of Pensions and Benefits (the Division). Operating controls over the Funds are with the individual funds' governing Boards and/or the State of New Jersey. The financial statements of the Funds are included in the financial statement of the State of New Jersey; however, the accompanying financial statements are intended solely to present certain funds administered by the Division and not the State of New Jersey as a whole.

Description of the Fund - SHBP

The Health Benefits Program Fund is a pay-as-you-go expendable trust fund which was established in 1961 by N.J.S.A. 52:14-17.25 et seq. The Fund is included along with other state-administered funds, systems and trusts in the general purpose financial statements of the State of New Jersey.

The State Health Benefits Program was established by Chapter 49, P.L. 1961 to provide traditional indemnity plan benefits to State employees. The program was later extended under Chapter 125, P.L. 1964 to include public and school district employees of participating counties, municipalities, school districts, and public agencies. Chapter 337, P.L. 1973 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. In 1989, the State Health Benefits Commission introduced a point-of-service plan known as NJ PLUS, which is a combination of a traditional or indemnity plan and an HMO.

The traditional indemnity plan and NJ PLUS are self-insured plans. Administrative services for these plans are

STATE OF NEW JERSEY
HEALTH BENEFITS PROGRAM FUND,
DENTAL EXPENSE PROGRAM FUND AND
PRESCRIPTION DRUG PROGRAM FUND

Notes to Financial Statements, Continued

(1) DESCRIPTION OF THE FUNDS, Continued

provided by a third party insurance company. Currently, three HMOs participating in the program (Horizon HMO, Aetna/US Healthcare and Cigna) are self-insured plans. The remaining four HMOs are on an insured basis.

Description of the Fund - PDPF

The Prescription Drug Program Fund is a pay-as-you-go expendable trust fund established on December 1, 1974 as authorized by N.J.S.A. 52:14-17:29. This program initially covered only certain state groups as a result of union negotiations; however, under Chapter 41, P.L. 1976, coverage was extended to all eligible State employees, including those not in the collective bargaining units. The State Health Benefits Commission offered the program to local employers that participated in the SHBP on July 1, 1993.

Description of the Fund - DEPF

The Dental Expense Program Fund is a pay-as-you-go expendable trust fund established on February 1, 1978 by N.J.S.A. 52:14-17:29 for State employees only. The program, which initially offered one traditional indemnity plan, was expanded in June of 1984 to include dental provider organizations.

Vesting and Benefit Provisions - SHBP

The Program provides medical coverage to qualified active and retired participants. Under Chapter 136, P.L. 1977, the State of New Jersey pays for the health insurance coverage of all enrolled retired State employees (regardless of age) whose pensions are based upon 25 years or more of credited service or a disability retirement regardless of years of service. The State of New Jersey also provides free coverage to members of the Public Employees' Retirement System and the Alternate Benefit Program who retire from a board of education or county college with 25 years of service or on a disability retirement. Partially funded benefits are also provided to local police officers and firefighters who retire with 25 years of service (or on disability) from an employer who does not provide coverage. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents.

Benefit Provisions - PDPF

The Program provides coverage to employees and their eligible dependents for drugs which under federal or State law may be dispensed only upon a prescription written by a physician. State and local employees are eligible for coverage after 60 days of employment.

Benefit Provisions - DEPF

The Program provides coverage to employees and their eligible dependents for dental services performed by a qualified dentist. State employees are eligible for coverage after 60 days of employment.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All trust funds are accounted for using a current financial resources measurement focus. With this measurement

STATE OF NEW JERSEY
HEALTH BENEFITS PROGRAM FUND,
DENTAL EXPENSE PROGRAM FUND AND
PRESCRIPTION DRUG PROGRAM FUND

Notes to Financial Statements, Continued

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases, i.e., revenues and other financing additions, and decreases, i.e., expenditures and other deductions, in net assets.

The modified accrual basis of accounting is used for measuring financial position and changes in financial position for expendable trust funds. Under this method, revenues are recognized when measurable and available and expenditures are recognized when incurred and measurable.

Fixed Assets

Fixed assets utilized by the Division include equipment which is owned by the State of New Jersey and is included in the general fixed asset account group of the State of New Jersey.

Investment Valuation

Investments, including short-term investments (State of New Jersey Cash Management Funds) are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey Division of Investment, under the jurisdiction of the State Investment Council, has the investment responsibility for all funds administered by the State of New Jersey Division of Pensions and Benefits. All investments must conform to standards set by state law.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B and Common Pension Fund D. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

The purchase, sale, receipt of income, and other transactions affecting investments are governed by custodial agreements between the Funds, through the State Treasurer, and custodian banks as agents for the Funds. State laws and policies set forth the requirements of such agreements and other particulars as to the size of the custodial institutions, amount of the portfolio to be covered by the agreements, and other pertinent matters.

GASB Statement No. 3 requires disclosure of the level of custodial risk assumed by the Funds. Category 1 includes investments that are insured or registered or for which the securities are held by the Funds or its agent in the Funds' name. As of June 30, 2000, all investments held by the Funds (other than the State of New Jersey Cash Management Funds which are not categorized) are classified as Category 1.

Federal securities are maintained at Federal Reserve Banks in Philadelphia and New York through the custodian banks in trust for the Funds. A significant portion of corporate equity and debt securities are maintained by the Depository Trust Company (DTC) through the custodian banks in trust for the Funds. The custodian banks as agents for the Funds maintain internal accounting records identifying the securities maintained by the Federal Reserve Banks and the DTC as securities owned by or pledged to the Funds.

Securities not maintained by the Federal Reserve Banks or DTC are in the name of a designated nominee rep-

STATE OF NEW JERSEY
HEALTH BENEFITS PROGRAM FUND,
DENTAL EXPENSE PROGRAM FUND AND
PRESCRIPTION DRUG PROGRAM FUND

Notes to Financial Statements, Continued

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

representing the securities of the Funds, which establishes the Funds' unconditional right to the securities.

Membership

Membership in the Funds consisted of the following as of June 30, 2000:

	STATE	LOCAL	TOTAL
Health Benefits Program Fund *	127,153	176,127	303,280
Prescription Drug Program Fund	101,002	17,358	118,360
Dental Expense Program Fund	85,842	—	85,842

*active and retired participants

Administrative Expenses

Administrative expenses are paid by the Funds to the State of New Jersey, Department of the Treasury and are included in the accompanying statements of revenues, expenditures and changes in fund balances.

Income Tax Status

Based on a 1986 declaration of the Attorney General of the State of New Jersey, the Funds are qualified plans as described in Section 401(a) of the Internal Revenue Code.

Cash and Cash Equivalents

GASB Statement No. 3 also requires that deposits held in financial institutions be categorized to indicate the level of risk assumed by the entity. Category 1 consists of deposits that are insured or collateralized with securities held by the entity or by its agent in the entity's name. Category 2 consists of deposits collateralized with securities held by the pledging financial institutions trust department or agent in the entity's name. Category 3 consists of deposits which are uncollateralized.

Based upon aggregate collateral levels maintained for all State bank accounts as a whole, substantially all cash balances maintained in financial institutions as of June 30, 2000, which includes funding for the July 1, 2000 retirement payroll, are designated category 3.

The categorization of cash and cash equivalents for all State funds, including the pension trust funds, can be found in the notes to the general purpose financial statements of the State of New Jersey.

The State Health Benefits Program Fund has a negative book balance of \$364,890 representing a managed overdraft which has been reclassified and is included in the accounts payable balance on the balance sheet.

(3) CONTRIBUTIONS

Contribution Requirements - SHBP

Contributions to pay for the health premiums of participating employees in the State Health Benefits Program (SHBP) are collected from the State of New Jersey, participating local employers, active members, retired members, the Public Employees' Retirement System (PERS), and the Teachers' Pension and Annuity Fund (TPAF).

STATE OF NEW JERSEY
HEALTH BENEFITS PROGRAM FUND,
DENTAL EXPENSE PROGRAM FUND AND
PRESCRIPTION DRUG PROGRAM FUND

Notes to Financial Statements, Continued

APPENDIX A

(3) CONTRIBUTIONS, Continued

The State of New Jersey provides contributions for State employees through State appropriations. These appropriations are generally distributed to the SHBP on a monthly basis. Local employer payments, active and retired member contributions, and payments from the PERS and TPAF are generally received on a monthly basis. Certain State employees share in the cost of their premiums, as provided by Chapter 8, P.L. 1996.

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. Premium sharing also applies to 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. 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.

Contribution Requirements - PDPF

Contributions to pay for the premiums of participating employees in the Prescription Drug Plan are collected from the State of New Jersey, participating local employers, and former active and retired members who have elected to participate under the rules of COBRA. The State of New Jersey provides contributions for State employees through State appropriations. These appropriations are distributed to the Prescription Drug Plan on a monthly basis. Local employer payments as well as COBRA contributions are also received on a monthly basis.

Contribution Requirements - DEPF

Contributions to pay for the premiums of participating employees in the State Employee Dental Program are collected from the State of New Jersey, active employees, and former and retired members who have elected to participate under the rules of COBRA. The cost of the premiums is shared equally by the State of New Jersey and active State employees. Former and retired employees who have chosen to participate under the rules of COBRA pay the full cost of the premium. The State of New Jersey provides contributions through State appropriations. These appropriations are distributed to the SHBP on a biweekly and monthly basis. The active member share of the cost of premiums is paid to the State on a biweekly and monthly basis. Members participating under COBRA remit their payments on a monthly basis.

(4) RESERVES

The fund balances of the SHBP, PDPF, and DEPF are available to pay claims of future periods. These reserves are maintained by the Funds to stabilize rates and assure the ability to meet unexpected increases in claims.

The PDPF has a fund deficit of \$1,893,140 as of June 30, 2000. In order to compensate for the FY 2000 deficit, rates from July 2000 to December 2001 were increased by 27.9% for the State group and 27.7% for the local group. The State Health Benefits Commission will further review these changes when it considers the rates to be charged in January 2002.

HEALTH BENEFITS PROGRAM
CONTRIBUTIONS
SECTION 1702 OF THE STATUTES

CONTRIBUTIONS CONTINUED

The State of New Jersey provides contributions for health insurance for its employees. These contributions are generally deducted from the employee's salary on a monthly basis. Local employer payments, active and retired members contributions and payments from the PERA and TRAP are generally received on a monthly basis. Certain state employees are in the cost of a premium, as provided by Chapter 8, P.L. 1995.

Under the provisions of Chapter 8, P.L. 1995, the SHBP implemented provisions relating to employees covered under the provisions of the program. Chapter 8 authorizes the Department of Human Resources to apply to collective bargaining representatives governing employees of the State of New Jersey, effective July 1, 1997, or who retired during the period of coverage for employees who were 25 years of eligible pension service after July 1, 1997, or who retire on a disability retirement after that date. Those employees are represented by any bargaining unit agreement shall be authorized with rates established by the State Health Benefits Commission. Local group employees are not affected by the provisions relating to Chapter 8, P.L. 1995.

Contributions for health insurance are provided to employees of the State of New Jersey, including local employees, and former active and retired members who have elected to participate under the plan of COBRA. The State of New Jersey provides contributions for active employees through state contributions. Local employer payments as well as COBRA contributions are also received on a monthly basis.

Contributions for health insurance are provided to employees of the State of New Jersey, including local employees, and former active and retired members who have elected to participate under the plan of COBRA. The State of New Jersey provides contributions for active employees through state contributions. Local employer payments as well as COBRA contributions are also received on a monthly basis.

The State of New Jersey provides contributions for health insurance for its employees. These contributions are generally deducted from the employee's salary on a monthly basis. Local employer payments, active and retired members contributions and payments from the PERA and TRAP are generally received on a monthly basis. Certain state employees are in the cost of a premium, as provided by Chapter 8, P.L. 1995.

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New Jersey State Health Benefits Program

Related State Legislation

The State Health Benefits Program was established by state statute, cited as N.J.S.A. 52:14-17.25 et. seq. A brief description of the key laws modifying this section of the statute is provided below.

- Chapter 49, P.L. 1961** established the State Health Benefits Program. The State Health Benefits Commission was authorized to solicit and award contracts for hospitalization, medical-surgical, and major medical insurance benefits with the cost to be paid by the State for employee coverage. Optional coverage for dependents was to be provided at the employee's expense.
- Chapter 125, P.L. 1964** permitted State Health Benefits Program coverage for local public employees at the option of each public employer. This law also allowed continuation of coverage from the Active Group into the Retired Group.
- Chapter 75, P.L. 1972** provided for state payment of retired health benefits coverage of all enrolled retired state employees and their dependents, retired after July 1, 1972, whose pensions are based on 25 years of credited service (except those who elected a deferred retirement) or a disability retirement based on fewer years credited service. It also provided for state reimbursement of Part B Medicare premiums for eligible retired State employees and their dependents.
- Chapter 111, P.L. 1973** allowed local employers to elect to pay for health benefits coverage and reimburse Part B Medicare premiums of certain eligible retired employees and their dependents. Eligible employees include those who had retired on or after July 1, 1972, and receive a retirement benefit from a state- or locally-administered retirement system based on 25 years of credited service (excluding those who elected a deferred retirement) or retired on a disability pension based on fewer years service.
- Chapter 337, P.L. 1973** allowed an employee to elect to enroll in a Health Maintenance Organization. The employee is permitted to elect HMO participation at least once a year.
- Chapter 88, P.L. 1974** allowed local employers who had adopted the provisions of Chapter 111, P.L. 1973, to extend coverage to eligible enrolled retirees who retired between July 1, 1964, and June 30, 1972.
- Chapter 136, P.L. 1977** amended Chapter 75, P.L. 1972 to extend the eligibility for State-paid coverage to those otherwise eligible retirees who retired between July 1, 1964, and June 30, 1972, and were enrolled for Retired Group coverage.
- Chapter 54, P.L. 1979** allowed local employers who had adopted the provisions of Chapter 88, P.L. 1974 to extend benefits to those eligible retirees who had retired between July 1, 1964, and the date the employer joined the SHBP.
- Chapter 436, P.L. 1981** allowed employers who adopted the provisions of Chapter 88, P.L. 1974, to also include surviving spouses of eligible retirees. The law also gave employers who had adopted Chapter 88, P.L. 1974, the option of including otherwise eligible employees who retired after the employer joined the SHBP but who had not continued coverage into retirement because they had to pay for it.
- Chapter 384, P.L. 1987**, although designed to bring benefits for retired teachers in line with those for state retirees, affected many other retirees also. The law permitted the Teachers' Pension and Annuity Fund (TPAF) to pay for the State Health Benefits Program coverage of members receiving retirement allowances based upon 25 or more years of credited service or a disability retirement (regardless of years of service). In addition to paying for the cost of coverage, the pension fund reimburses eligible retirees and/or covered spouses for the cost of Part B

(medical insurance) of the federal Medicare program. The TPAF began paying for coverage as of June 1, 1988. Those eligible retirees not already enrolled were given an opportunity through May 31, 1988, to enroll in the program. One of the most important features of this law is that it applies to all eligible TPAF members (except those who elected a deferred retirement - adjusted by Chapter 126, P.L. 1992), not just those who belong to the State Health Benefits Program while actively employed. Beginning June 1, 1988, a new TPAF retiree qualifying for TPAF-paid coverage was offered the opportunity to join this program.

Another important feature of Chapter 384 was the elimination of the July 1, 1964, restrictions. Previously only those who retired on or after that date could enroll in the State Program. This allowed TPAF members who were eligible for TPAF-paid coverage to join the program regardless of their retirement date. Further, the law amended Chapter 136, P.L. 1977, to permit the State to pay for the coverage of eligible state individuals who retired prior to July 1, 1964; those eligible former state employees who had retired prior to July 1, 1964, even those who had not been teachers, were given an opportunity to enroll as of June 1, 1988. Finally, the law amended Chapter 54, P.L. 1979, to permit local employers who have adopted the provisions of Chapter 88, P.L. 1974, as amended by Chapter 436, P.L. 1981, to also agree to include all former employees who retired before the location joined the State Plan. Originally, Chapter 54 only applied to those who retired on or after July 1, 1964.

Chapter 386, P.L. 1987 required that, as of June 1, 1988, all boards of education in New Jersey must give their retirees an opportunity to join the employer's current health insurance plan. For a one-year period (from June 1, 1988, through May 31, 1989) former employees who were not eligible under another plan (for instance, those eligible under Chapter 384 would not be eligible under Chapter 386) must have been given the opportunity to enroll under the employer's group contract. The retiree would pay the cost of such coverage. If the employer belonged to the State Health Benefits Program, the retiree had the chance to enroll under the State Program regardless of the retirement date.

Chapter 6, P.L. 1989 redefined the qualifications of the carriers or providers of the health benefits with whom the State Health Benefits Commission may contract in order to provide such benefits to participants in the State Health Benefits Program. This law eliminated the former requirements that basically forced the SHBP to use two specific carriers.

Chapter 48, P.L. 1989 established the same major medical benefits limit for retired employees in the State Health Benefits Program as is provided to active employees. The lifetime maximum available to retirees was previously significantly less than that provided Active Group employees.

Chapter 127, P.L. 1989 permits school employees who have been employed under a permanent appointment for at least three years to continue State Health Benefits Program coverage when they are on an approved leave of absence with or without pay up to a maximum of two years. The employer may pay the premiums for such coverage in these instances.

Chapter 271, P.L. 1989 provides that the State shall pay the State Health Benefits Program (SHBP) costs for the surviving spouse and dependent children of members of the Police and Firemen's Retirement System (PFRS) and the State Police Retirement System (SPRS) who die as a result of an accident met in the actual performance of their duties. Such surviving spouses and dependent children can enroll in the SHBP or, if enrolled in a local employer's plan, can obtain reimbursement of required premiums from the State. This law was approved on January 8, 1990, and applies to all present surviving spouses and dependent children of members for whom an accidental death benefit was payable.

Chapter 6, P.L. 1990 provides, in addition to other matters, that the premiums or periodic charges which the State is required to pay for the post-retirement health care benefits under the SHBP to retired state employees of PERS and their dependents shall be paid by the retirement system and shall be funded in a manner similar to that provided for the funding of employer obligations for retirement benefits. This law was effective March 8, 1990.

Chapter 126, P.L. 1992 provides that members of the Public Employees' Retirement System (PERS) and the Alternate Benefits Program (ABP) who retired from a school board of education or a county college with a benefit based upon 25 or more years of service or on a disability pension based upon fewer years of service credit and receive a retirement allowance from that system are eligible for state-paid health coverage regardless of employers' participation in the SHBP

Members of PERS, TPAF, and ABP who retire from a school board of education or county college and elect deferred retirement based upon 25 or more years of service credit and receive a retirement allowance from that system will be eligible to enroll in the SHBP. This law also provides for the State to reimburse Part B Medicare premiums for the retirees' extended benefits under its provisions.

Chapter 8, P.L. 1993 provides that members of PERS, TPAF, and PFRS who retire from a school board of education, vocational/technical school, or a special service commission may be eligible to join the SHBP providing they meet the following requirements: the member is currently participating in the health benefit plan of the employer for whom (s)he was previously employed, and (s)he is eligible for the full Medicare Parts A and B.

This law also imposes a surcharge on insurance carriers (including hospital service corporations, medical service corporations, health service corporations, and health maintenance organizations) that provide health coverage to local boards of education that do not participate in the SHBP.

Chapter 275, P.L. 1994 makes special provisions for retirement coverage and Medicare reimbursement for a select group of county judicial employees from seven counties who became state employees under the terms of the State Judicial Unification Act. This law was enacted to fulfill the mandate of a 1993 constitutional referendum moving control of county courts to the State. The purpose of the law was to authorize the continuation of certain contractual benefits.

Chapter 259, P.L. 1995 authorizes municipalities which participate in the SHBP or another group health benefits plan to allow an employee who is enrolled for health care coverage as a dependent of his/her spouse to waive coverage to which (s)he is entitled as an employee of the municipality. It permits a municipality to pay an employee an amount not to exceed 50% of the amount saved by the municipality because of the waiver. Any municipal employee waiving coverage under the SHBP must file such waiver with the Division. Further, an employee who waives coverage shall be able to immediately resume coverage under the SHBP if the employee ceases to be covered by the spouse for any reason by filing a declaration with the Division that the waiver is revoked.

Chapter 8, P.L. 1996 applies to state employees in the executive, legislative, and judicial branches of government as well as employees of the state universities and colleges and independent commissions and agencies participating in the SHBP. The law applies to local employers only with regards to provisions affecting Medicare reimbursement for active employees and the HMO coverage restrictions. Chapter 8, P.L. 1996 ends Medicare reimbursement for active employees and their spouses; prohibits dual coverage by any individual in two SHBP HMO contracts; allows active employee premium sharing resulting from labor contract agreements; allows retiree premium sharing resulting from labor contract agreements; allows adjustments to retiree Medicare reimbursement resulting from labor contract agreements; authorizes the State Health Benefits Commission to establish rules governing active employee and retiree premium sharing and retiree Medicare reimbursement for employees not represented by labor unions, that is, for nonaligned employees; and grandfathers retired health coverage and retiree Medicare reimbursement for employees who retire prior to July 1, 1997, and employees who have 25 years of credited pension service before July 1, 1997, regardless of when they retire (except for deferred retirements).

Chapter 94, P.L. 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. The law also provides that 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. 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.

Chapter 330, P.L. 1997 provides health benefits to qualified retirees and their dependents (but not survivors), from the Police and Firemen's Retirement System (PFRS), the Consolidated Police and Firemen's Pension Fund (CPFPPF), or the Public Employees' Retirement System (PERS) if the service was as a law enforcement officer or in a position eligible for participation in the PFRS. A qualified retiree is one who:

1. retires with 25 or more years of service or on a disability retirement;
2. retires from an employer who does not currently provide any payment or compensation toward the cost of health benefits to the retiree for any period of time;
3. was eligible to receive health benefits coverage at the expense of the employer immediately preceding retirement; and
4. has no other employer group coverage as an "employee" as a result of employment while retired.

The State pays 80% of the cost of coverage for the least expensive plan covering all 21 counties in the State. The retiree pays the rest. Qualified retirees are eligible regardless of whether the retiree's employer participated in the SHBP.

Chapter 335, P.L. 1997 provides State paid health benefits to a retired State employee and any dependents (not including survivors), to employees who retire under the State Police Retirement System (SPRS) prior to January 12, 1998 with more than 20 but less than 25 years of service credit in the SPRS; were subsequently employed by the State in another position(s) not covered by the SPRS; and have in the aggregate, at least 30 years of full-time employment with the State. To be eligible the employee must be covered by the SHBP at the time of terminating full-time employment with the State.

Chapter 338, P.L. 1997 requires hospital, medical and health service corporations, individual, small employer and large group insurers, health maintenance organizations and the New Jersey State Health Benefits Program (SHBP) to provide coverage for the therapeutic treatment of inherited metabolic diseases, including the purchase of medical foods and low protein modified food products, when diagnosed and determined to be medically necessary by the covered person's physician. An "inherited metabolic disease" is defined as a disease caused by an inherited abnormality of body chemistry such as phenylketonuria (PKU). A "Low protein modified food product" is a food product that is specially formulated to have less than one gram of protein per serving and is intended to be used under the direction of a physician for the dietary treatment of an inherited metabolic disease, but does not include a natural food that is naturally low in protein; and "medical food" is a food that is intended for the dietary treatment of a disease or condition for which nutritional requirements are established by medical evaluation and is formulated to be consumed under direction of a physician.

Chapter 44, P.L. 1998 abolishes the Department of Commerce and Economic Development and creates the New Jersey Commerce and Economic Growth Commission. Section 7 of the bill states that employees of the commission shall be enrolled in the Public Employees' Retirement System and shall be eligible to participate in the State Health Benefits Program. The Commission can, however, elect to provide health benefits for its employees through private insurance policies, hospital and medical service corporations, HMOs, or any other manner available for the provision of health benefits, provided that the types of benefits do not provide less coverage than those benefits provided to other State employees.

Chapter 48, P.L. 1999 changes the way local employers participating in the State Health Benefits Program (SHBP) can provide post-retirement health benefit coverage to its retired employees. The law makes the age and service eligibility requirements for employer payment of SHBP health benefits coverage for retired employees the same

as the requirements of N.J.S.40A:10-23 currently applicable to local government employers that do not participate in SHBP. The employer may, by filing a resolution with the Division of Pensions and Benefits, assume the cost of post retirement medical coverage for employees (and their dependents) who:

1. retired on a disability pension; or
2. retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement, such period as established by the employer; or
3. retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement, such period as established by the employer; or
4. retired and reached age 62 with at least 15 years of service with the employer.

Further, the law provides that the employer payment obligations for retiree coverage may be determined by means of a collective negotiations agreement. With respect to employees for whom there is no majority representative for collective negotiations purposes, the employer may, in its sole discretion, determine the payment obligations for the employer and the employees, except that if there are collective negotiations agreements binding upon the employer for employees who are within the same community of interest as employees in a collective negotiations unit, the payment obligations shall be determined in a manner consistent with the terms of any collective negotiations agreement applicable to the collective negotiations unit. This provision applies to all local employers except an independent State authority, board, commission, corporation, agency or organization covered by Chapter 8, P. L. 1996, and school boards.

This law includes a grandfather provision which provides that the payment obligations of an employee for SHBP coverage in retirement shall be the payment obligations applicable to the employee on the date the employee retires on a disability pension or the date the employee meets the age and service requirements for employer payment for the coverage, as the case may be.

**NEW JERSEY STATE HEALTH BENEFITS PROGRAM
STATE MONTHLY ACTIVE GROUP
RATES EFFECTIVE 7/1/99**

	DESCRIPTION OF COVERAGE	STATE CONTRIBUTION	MAXIMUM EMPLOYEE CONTRIBUTION	TOTAL
NJ PLUS PROGRAM	Single	\$169.90	—	\$169.90
	Member & Spouse	\$370.32	—	\$370.32
	Family	\$440.77	—	\$440.77
	Parent & Child	\$255.60	—	\$255.60
TRADITIONAL PROGRAM	Single	\$187.64	\$ 67.79	\$255.43
	Member & Spouse	\$409.77	\$136.90	\$546.67
	Family	\$488.66	\$161.99	\$650.65
	Parent & Child	\$286.98	\$ 90.30	\$377.28
HORIZON HMO - #10	Single	\$197.69	—	\$197.69
	Member & Spouse	\$433.91	—	\$433.91
	Family	\$515.02	—	\$515.02
	Parent & Child	\$298.89	—	\$298.89
PRU HEALTHCARE HMO - #17	Single	\$213.45	—	\$213.45
	Member & Spouse	\$465.64	—	\$465.64
	Family	\$543.81	—	\$543.81
	Parent & Child	\$310.46	—	\$310.46
AETNA/USHC - #19	Single	\$201.46	—	\$201.46
	Member & Spouse	\$445.05	—	\$445.05
	Family	\$517.64	—	\$517.64
	Parent & Child	\$298.06	—	\$298.06
CIGNA HEALTHCARE - #20	Single	\$172.61	—	\$172.61
	Member & Spouse	\$376.49	—	\$376.49
	Family	\$449.03	—	\$449.03
	Parent & Child	\$259.09	—	\$259.09
OXFORD - #28	Single	\$205.47	—	\$205.47
	Member & Spouse	\$451.97	—	\$451.97
	Family	\$534.16	—	\$534.16
	Parent & Child	\$308.20	—	\$308.20
AMERIHEALTH - #33	Single	\$194.16	—	\$194.16
	Member & Spouse	\$432.12	—	\$432.12
	Family	\$503.02	—	\$503.02
	Parent & Child	\$286.59	—	\$286.59
PHYSICIANS (FIRST OPTION) - #34	Single	\$198.14	—	\$198.14
	Member & Spouse	\$431.64	—	\$431.64
	Family	\$513.68	—	\$513.68
	Parent & Child	\$298.00	—	\$298.00
UNIVERSITY - #36	Single	\$192.31	—	\$192.31
	Member & Spouse	\$423.02	—	\$423.02
	Family	\$499.95	—	\$499.95
	Parent & Child	\$288.44	—	\$288.44
PRESCRIPTION DRUG PROGRAM	Single	\$ 51.75	—	\$ 51.75
	Member & Spouse	\$121.31	—	\$121.31
	Family	\$122.52	—	\$122.52
	Parent & Child	\$ 69.07	—	\$ 69.07

(FOR EMPLOYERS WITHOUT A PRESCRIPTION DRUG PLAN)

FH-0279-0299

**NEW JERSEY STATE HEALTH BENEFITS PROGRAM
LOCAL MONTHLY ACTIVE GROUP - EDUCATION EMPLOYERS
RATES EFFECTIVE 7/1/99**

	DESCRIPTION OF COVERAGE	EMPLOYER SINGLE COST	DEPENDENT COST	TOTAL
NJ PLUS PROGRAM	Single	\$176.44	—	\$176.44
	Member & Spouse	\$245.42	\$147.28	\$392.70
	Family	\$245.80	\$211.09	\$456.89
	Parent & Child	\$244.83	\$ 15.70	\$260.53
TRADITIONAL PROGRAM	Single	\$244.37	—	\$244.37
	Member & Spouse	\$245.42	\$285.05	\$530.47
	Family	\$245.80	\$374.97	\$620.77
	Parent & Child	\$244.83	\$110.71	\$355.54
HORIZON HMO - #10	Single	\$231.62	—	\$231.62
	Member & Spouse	\$245.42	\$257.71	\$503.13
	Family	\$245.80	\$339.38	\$585.18
	Parent & Child	\$244.83	\$ 90.81	\$335.64
PRU HEALTHCARE HMO - #17	Single	\$242.78	—	\$242.78
	Member & Spouse	\$245.42	\$284.21	\$529.63
	Family	\$245.80	\$372.73	\$618.53
	Parent & Child	\$244.83	\$108.29	\$353.12
AETNA/USHC - #19	Single	\$234.23	—	\$234.23
	Member & Spouse	\$245.42	\$263.34	\$508.76
	Family	\$245.80	\$349.41	\$595.21
	Parent & Child	\$244.83	\$ 96.07	\$340.90
CIGNA HEALTHCARE - #20	Single	\$189.88	—	\$189.88
	Member & Spouse	\$245.42	\$168.73	\$414.15
	Family	\$245.80	\$248.15	\$493.95
	Parent & Child	\$244.83	\$ 40.17	\$285.00
OXFORD - #28	Single	\$225.93	—	\$225.93
	Member & Spouse	\$245.42	\$251.55	\$496.97
	Family	\$245.80	\$341.54	\$587.34
	Parent & Child	\$244.83	\$ 94.05	\$338.88
AMERIHEALTH - #33	Single	\$238.20	—	\$238.20
	Member & Spouse	\$245.42	\$284.74	\$530.16
	Family	\$245.80	\$371.33	\$617.13
	Parent & Child	\$244.83	\$106.76	\$351.59
PHYSICIANS (FIRST OPTION) - #34	Single	\$221.67	—	\$221.67
	Member & Spouse	\$245.42	\$237.44	\$482.86
	Family	\$245.80	\$328.85	\$574.65
	Parent & Child	\$244.83	\$ 88.54	\$333.37
UNIVERSITY - #36	Single	\$220.87	—	\$220.87
	Member & Spouse	\$245.42	\$240.43	\$485.85
	Family	\$245.80	\$328.41	\$574.21
	Parent & Child	\$244.83	\$ 85.98	\$330.81

NEW JERSEY STATE HEALTH BENEFITS PROGRAM
LOCAL MONTHLY ACTIVE GROUP - EDUCATION EMPLOYERS
RATES EFFECTIVE 7/1/99

PROGRAM	DESCRIPTION OF COVERAGE	EMPLOYER SINGLE COST	DEPENDENT COST	TOTAL
NJ PLUS PROGRAM	Single	\$160.38	—	\$160.38
	Member & Spouse	\$225.03	\$131.92	\$356.95
	Family	\$225.41	\$189.91	\$415.32
	Parent & Child	\$224.44	\$ 12.38	\$236.82
TRADITIONAL PROGRAM	Single	\$223.98	—	\$223.98
	Member & Spouse	\$225.03	\$263.48	\$488.51
	Family	\$225.41	\$345.61	\$571.02
	Parent & Child	\$224.44	\$102.34	\$326.78
HORIZON HMO - #10	Single	\$197.69	—	\$197.69
	Member & Spouse	\$225.03	\$208.88	\$433.91
	Family	\$225.41	\$289.61	\$515.02
	Parent & Child	\$224.44	\$ 74.45	\$298.89
PRU HEALTHCARE HMO - #17	Single	\$213.45	—	\$213.45
	Member & Spouse	\$225.03	\$240.61	\$465.64
	Family	\$225.41	\$318.40	\$543.81
	Parent & Child	\$224.44	\$ 86.02	\$310.46
AETNA/USHC - #19	Single	\$201.46	—	\$201.46
	Member & Spouse	\$225.03	\$220.02	\$445.05
	Family	\$225.41	\$292.23	\$517.64
	Parent & Child	\$224.44	\$ 73.62	\$298.06
CIGNA HEALTHCARE - #20	Single	\$172.61	—	\$172.61
	Member & Spouse	\$225.03	\$151.46	\$376.49
	Family	\$225.41	\$223.62	\$449.03
	Parent & Child	\$224.44	\$ 34.65	\$259.09
OXFORD - #28	Single	\$205.47	—	\$205.47
	Member & Spouse	\$225.03	\$226.94	\$451.97
	Family	\$225.41	\$308.75	\$534.16
	Parent & Child	\$224.44	\$ 83.76	\$308.20
AMERIHEALTH - #33	Single	\$194.16	—	\$194.16
	Member & Spouse	\$225.03	\$207.09	\$432.12
	Family	\$225.41	\$277.61	\$503.02
	Parent & Child	\$224.44	\$ 62.15	\$286.59
PHYSICIANS (FIRST OPTION) - #34	Single	\$198.14	—	\$198.14
	Member & Spouse	\$225.03	\$206.61	\$431.64
	Family	\$225.41	\$288.27	\$513.68
	Parent & Child	\$224.44	\$ 73.56	\$298.00
UNIVERSITY - #36	Single	\$192.31	—	\$192.31
	Member & Spouse	\$225.03	\$197.99	\$423.02
	Family	\$225.41	\$274.54	\$499.95
	Parent & Child	\$224.44	\$ 64.00	\$288.44
PRESCRIPTION DRUG PROGRAM	Single	\$ 55.97	—	\$ 55.97
	Member & Spouse	\$131.21	—	\$131.21
	Family	\$132.53	—	\$132.53
	Parent & Child	\$ 74.72	—	\$ 74.72

**NEW JERSEY STATE HEALTH BENEFITS PROGRAM
LOCAL MONTHLY ACTIVE GROUP - (EXCLUDES EDUCATION EMPLOYERS)
RATES EFFECTIVE 7/1/99**

	DESCRIPTION OF COVERAGE	EMPLOYER SINGLE COST	DEPENDENT COST	TOTAL
NJ PLUS PROGRAM	Single	\$192.66	—	\$192.66
	Member & Spouse	\$269.54	\$159.26	\$428.80
	Family	\$269.92	\$229.00	\$498.92
	Parent & Child	\$268.95	\$ 15.54	\$284.49
TRADITIONAL PROGRAM	Single	\$268.49	—	\$268.49
	Member & Spouse	\$269.54	\$313.33	\$582.87
	Family	\$269.92	\$412.18	\$682.10
	Parent & Child	\$268.95	\$121.70	\$390.65
HORIZON HMO - #10	Single	\$231.62	—	\$231.62
	Member & Spouse	\$269.54	\$233.59	\$503.13
	Family	\$269.92	\$315.26	\$585.18
	Parent & Child	\$268.95	\$ 66.69	\$335.64
PRU HEALTHCARE HMO - #17	Single	\$242.78	—	\$242.78
	Member & Spouse	\$269.54	\$260.09	\$529.63
	Family	\$269.92	\$348.61	\$618.53
	Parent & Child	\$268.95	\$ 84.17	\$353.12
AETNA/USHC - #19	Single	\$234.23	—	\$234.23
	Member & Spouse	\$269.54	\$239.22	\$508.76
	Family	\$269.92	\$325.29	\$595.21
	Parent & Child	\$268.95	\$ 71.95	\$340.90
CIGNA HEALTHCARE - #20	Single	\$189.88	—	\$189.88
	Member & Spouse	\$269.54	\$144.61	\$414.15
	Family	\$269.92	\$224.03	\$493.95
	Parent & Child	\$268.95	\$ 16.05	\$285.00
OXFORD - #28	Single	\$225.93	—	\$225.93
	Member & Spouse	\$269.54	\$227.43	\$496.97
	Family	\$269.92	\$317.42	\$587.34
	Parent & Child	\$268.95	\$ 69.93	\$338.88
AMERIHEALTH - #33	Single	\$238.20	—	\$238.20
	Member & Spouse	\$269.54	\$260.62	\$530.16
	Family	\$269.92	\$347.21	\$617.13
	Parent & Child	\$268.95	\$ 82.64	\$351.59
PHYSICIANS (FIRST OPTION) - #34	Single	\$221.67	—	\$221.67
	Member & Spouse	\$269.54	\$213.32	\$482.86
	Family	\$269.92	\$304.73	\$574.65
	Parent & Child	\$268.95	\$ 64.42	\$333.37
UNIVERSITY - #36	Single	\$220.87	—	\$220.87
	Member & Spouse	\$269.54	\$216.31	\$485.85
	Family	\$269.92	\$304.29	\$574.21
	Parent & Child	\$268.95	\$ 61.86	\$330.81

NEW JERSEY STATE HEALTH BENEFITS PROGRAM
LOCAL MONTHLY ACTIVE GROUP - (EXCLUDES EDUCATION EMPLOYERS)
RATES EFFECTIVE 7/1/99

	DESCRIPTION OF COVERAGE	EMPLOYER SINGLE COST	DEPENDENT COST	TOTAL
NJ PLUS PROGRAM	Single	\$175.12	—	\$175.12
	Member & Spouse	\$247.14	\$142.63	\$389.77
	Family	\$247.52	\$205.99	\$453.51
	Parent & Child	\$246.55	\$ 12.04	\$258.59
TRADITIONAL PROGRAM	Single	\$246.09	—	\$246.09
	Member & Spouse	\$247.14	\$289.62	\$536.76
	Family	\$247.52	\$379.91	\$627.43
	Parent & Child	\$246.55	\$112.50	\$359.05
HORIZON HMO - #10	Single	\$197.69	—	\$197.69
	Member & Spouse	\$247.14	\$186.77	\$433.91
	Family	\$247.52	\$267.50	\$515.02
	Parent & Child	\$246.55	\$ 52.34	\$298.89
PRU HEALTHCARE HMO - #17	Single	\$213.45	—	\$213.45
	Member & Spouse	\$247.14	\$218.50	\$465.64
	Family	\$247.52	\$296.29	\$543.81
	Parent & Child	\$246.55	\$ 63.91	\$310.46
AETNA/USHC - #19	Single	\$201.46	—	\$201.46
	Member & Spouse	\$247.14	\$197.91	\$445.05
	Family	\$247.52	\$270.12	\$517.64
	Parent & Child	\$246.55	\$ 51.51	\$298.06
CIGNA HEALTHCARE - #20	Single	\$172.61	—	\$172.61
	Member & Spouse	\$247.14	\$129.35	\$376.49
	Family	\$247.52	\$201.51	\$449.03
	Parent & Child	\$246.55	\$ 12.54	\$259.09
OXFORD - #28	Single	\$205.47	—	\$205.47
	Member & Spouse	\$247.14	\$204.83	\$451.97
	Family	\$247.52	\$286.64	\$534.16
	Parent & Child	\$246.55	\$ 61.65	\$308.20
AMERIHEALTH - #33	Single	\$194.16	—	\$194.16
	Member & Spouse	\$247.14	\$184.98	\$432.12
	Family	\$247.52	\$255.50	\$503.02
	Parent & Child	\$246.55	\$ 40.04	\$286.59
PHYSICIANS (FIRST OPTION) - #34	Single	\$198.14	—	\$198.14
	Member & Spouse	\$247.14	\$184.50	\$431.64
	Family	\$247.52	\$266.16	\$513.68
	Parent & Child	\$246.55	\$ 51.45	\$298.00
UNIVERSITY - #36	Single	\$192.31	—	\$192.31
	Member & Spouse	\$247.14	\$175.88	\$423.02
	Family	\$247.52	\$252.43	\$499.95
	Parent & Child	\$246.55	\$ 41.89	\$288.44
PRESCRIPTION DRUG PROGRAM	Single	\$ 55.97	—	\$ 55.97
	Member & Spouse	\$131.21	—	\$131.21
	Family	\$132.53	—	\$132.53
	Parent & Child	\$ 74.72	—	\$ 74.72

**NEW JERSEY STATE HEALTH BENEFITS PROGRAM
DENTAL PROGRAM
MONTHLY GROUP RATES EFFECTIVE 7/1/99**

DPO STATE MONTHLY GROUP (SAME RATES FOR ALL PARTICIPATING DPOs)

DPO UNIT #	DPO CARRIER
301	ATLANTIC SOUTHERN DENTAL FOUNDATION
302	COMMUNITY DENTAL ASSOCIATES
305	CIGNA DENTAL HEALTH, INC.
306	GROUP DENTAL HEALTH ADMINISTRATORS, INC.
307	INTERNATIONAL HEALTH CARE SERVICES
308	ORACARE DPO, INC.
311	UNITY DENTAL HEALTH SERVICES
312	FLAGSHIP HEALTH SYSTEMS, INC.
315	STATEWIDE DPO, INC.
317	HORIZON DENTAL CHOICE
319	PRUDENTIAL HEALTHCARE DMO

DESCRIPTION OF COVERAGE	EMPLOYER SHARE	EMPLOYEE SHARE	TOTAL
SINGLE MEMBER & SPOUSE	\$ 8.47	\$ 8.46	\$ 16.93
FAMILY	\$ 14.72	\$ 14.71	\$ 29.43
PARENT & CHILD	\$ 24.08	\$ 24.07	\$ 48.15
	\$ 17.84	\$ 17.84	\$ 35.68

DENTAL EXPENSE PLAN (PRUDENTIAL #399) STATE MONTHLY GROUP

DESCRIPTION OF COVERAGE	EMPLOYER SHARE	EMPLOYEE SHARE	TOTAL
SINGLE MEMBER & SPOUSE	\$ 16.03	\$ 16.03	\$ 32.06
FAMILY	\$ 24.71	\$ 24.71	\$ 49.42
PARENT & CHILD	\$ 40.99	\$ 40.99	\$ 81.98
	\$ 32.29	\$ 32.29	\$ 64.58

Contacting the Division of Pensions and Benefits

The Division of Pensions and Benefits **INTERNET HOMEPAGE**

address (URL) is www.state.nj.us/treasury/pensions

You can send **e-mail** to the Division of Pensions and Benefits through our

HOMEPAGE or directly to nj_pensions@tre.state.nj.us

You can **CONTACT CLIENT SERVICES** of

the Division of Pensions and Benefits at (609) 292-7524

Monday through Friday
from 9:00 am until 4:00 pm

The telephone number for individuals who are hearing impaired and use a

TELECOMMUNICATION DEVICE FOR THE DEAF (TDD) is (609) 292-7718

You can hear personalized information about loans, withdrawals, retirement benefits, purchase costs, and your account within the retirement system. This system is available 24 hours a day, seven days a week. You will need your Social Security number and a touch-tone phone.

AUTOMATED INFORMATION SYSTEM (609) 777-1777

You can **WRITE** to the Division of

Pensions and Benefits at **DIVISION OF PENSIONS AND BENEFITS**

P.O. BOX 295
TRENTON, NJ 08625-0295

You can **VISIT** the Division of Pensions

and Benefits, without appointment,

on the first 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

Willow Streets, a block east of the

State House. Directions to our location

can be downloaded from our Internet

site or obtained by calling our **Benefit Information Library**

at (609) 777-1931

7 days a week, 24 hours a day

STATE HEALTH BENEFITS PROGRAM OF NEW JERSEY

2000 ANNUAL REPORT

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

PO BOX 295

TRENTON, NJ 08625-0295

(609) 292-7524
