

**SHBP PDC RESOLUTION #2023-9**

**RESOLUTION OF THE STATE HEALTH BENEFITS PROGRAM PLAN DESIGN  
COMMITTEE RELATED TO REFERENCE-BASED PRICING**

WHEREAS, pursuant to N.J.S.A. 52:14-17.25 to -17.46a, the State Health Benefits Program (SHBP) provides health coverage to qualified employees and retirees of the State of New Jersey (State) and participating local employers; and

WHEREAS, the SHBP was created in 1961 to provide affordable health care coverage for public employees on a cost-effective basis; and

WHEREAS, all SHBP plans, with the exception of Medicare Advantage plans, are self-funded, which means the money paid out for benefits comes directly from a SHBP fund supplied by the State, participating local employers, and member premiums; and

WHEREAS, the costs for health and prescription drug benefits continue to increase significantly, which has strained the budgets of the State and local employers and caused increased costs to members; and

WHEREAS, the SHBP Plan Design Committee formed a subgroup approximately two years ago to research and evaluate the benefits and feasibility of reference-based pricing (“RBP”) program concepts, with the goal of developing a RBP pilot program for the SHBP; and

WHEREAS, the SHBP Plan Design Committee believes RBP could help contain rising healthcare costs, while also posing certain implementation challenges within the current SHBP structure; and

WHEREAS, the SHBP Plan Design Committee wishes to study the effects of a RBP pilot program for the SHBP, with a focus on a multi-phase, incremental approach, while also continuing to analyze longer-term, structural reforms; and

WHEREAS, the SHBP Plan Design Committee RBP subgroup has reached general consensus on certain broad aspects of a RBP pilot program; and

WHEREAS, pursuant to N.J.S.A. 52:14-17.29(D), the SHBP Plan Design Committee finds it in the best interest of the State, local employers, and employees, to consider and where feasible, adopt a RBP pilot program for the SHBP to determine the impact of RBP on SHBP costs and members’ access to necessary medical care.

NOW THEREFORE, BE IT RESOLVED AS FOLLOWS:

The SHBP Plan Design Committee shall use best efforts to develop and finalize a more detailed resolution regarding a RBP pilot program for the SHBP by its September 2023 meeting.

DATED: JULY 26, 2023