

MEMORANDUM OF AGREEMENT

between

The State of New Jersey

and

**AFSCME Council 63, CWA, IFPTE, Local 195, Council of New Jersey State College
Locals, AFT, and IBEW Local 33**

Whereas, the collective negotiations agreements between the State of New Jersey and AFSCME Council 63, CWA, IFPTE, Local 195, Council of New Jersey State College Locals, AFT, and IBEW Local 33 (the “Unions”) provide for increases in employee healthcare contributions in the event that the projected blended healthcare premium for the NJ Direct/Unity plans exceeds the blended premium for the preceding baseline plan year; and

Whereas, Aon, the actuary for the State Health Benefit Program, issued a report in July 2022 recommending 20.7% increases for the plans in which active employees in the State Employee Group are enrolled; and

Whereas, Aon’s assumptions resulting in recommended premium increases of 20.7% for Plan Year 2023, are based, in part, on increased utilization of healthcare in Plan Year 2021 resulting from the COVID-19 pandemic;

Whereas, the Unions and the State entered into negotiations pursuant to their respective collective negotiations agreements to lower the projected premium increase and/or reduce the rate of premium increases; and

Whereas, the collective negotiations agreements between the Unions and the State expire on June 30, 2023 and the parties intend to enter into negotiations for successor agreements prior to contract expiration; and

Whereas, the Unions and the State retain the right to advance proposals on healthcare for their successor collective negotiations agreements designed to ensure that healthcare plans provide quality healthcare and are affordable; and

Whereas, the Unions and the State desire to ensure that the healthcare plans continue to provide access to high quality healthcare at an affordable cost in Plan Year 2023 and beyond;

Therefore, the Unions and the State have entered into the following agreement:

1. Effective January 1, 2023, employee contributions for the Unity/NJ Direct and Unity/NJ Direct 2019 plans shall increase by 3%. For example, if an employee’s current contribution for the family plan is 7% of salary, effective January 1, 2023, the employee’s contribution shall be 7.21% of salary. Employee contributions for the employees participating in the Tiered Network plan shall continue to be 75% of the NJ Direct/Unity plan contribution rates.

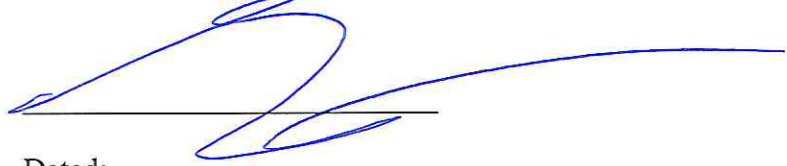
2. The new Baseline Premium to be used to calculate increases or decreases in employee healthcare contributions for Plan Year 2024 shall be the Plan Year 2023 premiums as if the State did not waive any portion of the escalator in Plan Year 2023.
3. Effective January 1, 2023, the following changes in plan design shall be piloted:
 - a. The Specialist Copay shall be \$15 higher than the applicable PCP Copay. For example, for the NJ Direct/Unity plans, the Specialist Copay shall increase from \$15 to \$30. This \$15 differential between Specialist and PCP Copays shall also apply to the Tiered Network plan and the HMO plan. There shall be no change to the treatment of OB/GYN copays for any of the plans.
 - b. The Urgent Care Copay shall be \$30 higher than the PCP Copay. For example, for the NJ Direct/Unity plans, the Urgent Care Copay shall increase from \$15 to \$45. This \$30 differential between Urgent Care Copay and PCP Copay shall apply to the Tiered Network plan and the HMO plan.
 - c. To determine whether the above referenced co-pay rates should be continued or revised, during negotiations for successor collective negotiations agreements and prior to the end of Plan Year 2023, the Unions and the State shall review relevant and available utilization and cost information relative to the Specialist and Urgent Care copays.
4. This agreement is contingent on the Plan Design Committee:
 - a. Approving the Copays set forth in Paragraph 3 above on September 14, 2022; and
 - b. Passing the following five annual resolutions on September 14, 2022: (i) (Resolution 2022-01 - Prescription Drug Formulary Reimbursement and Out of Network Reimbursement Rates for Physical Therapy), (ii) Resolution 2022-02 (\$0 copay for mail order generics for actives), (iii) Resolution 2022-03 (member pays the difference for brand name drugs where there is a generic equivalent), (iv) Resolution 2022-04 (retiree copay of \$28 for preferred brand name mail order drugs), and (v) Resolution 2022-05 (financial incentives for employees to select the Tired Network plan); and
 - c. Anything else necessary to codify this MOA.

On behalf of the State of New Jersey

Gyovonne Catley

Dated: 09/14/22

On behalf of AFSCME Council 63



Dated:

On behalf of CWA

Dated:

On behalf of IFPTE, Local 195

Dated:

On behalf of the Council of NJ State College
Locals, AFT

Tim Haresign

Dated: 9/14/2022

On behalf of IBEW Local 33

For [Signature] B.M.

Dated: 9/14/2022