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 Division of Pensions and Benefits

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A Q&A ON OPEN ENROLLMENT WITH FLORENCE SHEPPARD

Florence Sheppard, Acting Director of New Jersey's Division of Pensions and Benefits, provides answers below to some of the questions State employees have been asking about their options during the open enrollment period for the State Health Benefits Program which runs through November 11, 2011. The choices employees make during this period will determine their health plan coverage, premium contributions and out-of-pocket costs for 2012.

1. Why should employees review their health plan choices for 2012? Won't their premiums stay the same until 2013?

Sheppard: No, in fact many employees who elect to simply continue their present health plan coverage will see their health benefit costs increase on July 1, 2012. That's when the share of premium costs that employees are responsible for will rise to an average of 10 percent across all pay levels. So if you make no changes to your current coverage, you could be paying higher premiums between July 1 and December 31, 2012.

For example, a State employee earning \$55,000 and enrolled with family coverage in NJ DIRECT15 with prescription drug coverage will see their biweekly health benefit payroll deduction rise from \$31.61 to \$56.67 per pay check.

You must act now to make any changes for your 2012 coverage. That's why it's so important to review the wide range of plan options that are available during this



Florence Sheppard, Acting Director of the Division of Pensions and Benefits

year's open enrollment and determine what impact your pay level and plan choices will have on your payroll deductions in the coming year. Many of the new plans being offered are less expensive than those that have been available in the past. By electing one of these lower cost plans, many employees will be able to reduce their payroll deduction for health benefit costs next year. For active employees, there are now 15 plan options to choose from, including three NJ DIRECT PPO Plans and six HMO plans from Aetna and Cigna and, for the first time in New Jersey, six High-Deductible plans that include Health Savings Accounts are also available.

2. Why should someone consider a high deductible health plan? Who would they be appropriate for?

Sheppard: The High-Deductible plans are offered at a much lower premium cost than some of the more traditional health plan choices. For instance, the premium cost for the NJ DIRECT HD4000 High-Deductible Plan is \$13,000 for family coverage compared to \$21,000 for the NJ DIRECT15 plan. The High-Deductible plans also have a Health Savings Account (HSA) feature that will allow you to set aside up to \$3,100 for single coverage and \$6,250 for family coverage each year to cover future medical expenses. These accounts are pre-tax, carry over year-to-year and are the property of the employee so they are portable if you ever leave state government. No one but you can or should decide what makes sense for you and your family. However, HSAs do offer a significant advantage to those who are relatively healthy now and want to build up savings over time. High-Deductible plans with HSAs are not new, just new to New Jersey. Nationwide, 11.4 million Americans are covered by them.

3. If I decide I want to review my health plan options this year, where can I find the information I need?

Sheppard: The Division of Pensions and Benefits Web site has a host of tools to assist you in evaluating your individual needs, options and the financial implications of those options.

4. Where can I find this information?

Sheppard: At www.state.nj.us/treasury/pensions/open-2011.shtml you will find premium rates, FAQs, worksheets and charts comparing coverage costs. You will also find links to premium contribution calculators that will help you calculate what your personal health care costs will be for the full range of health plan options for both the first and second half of 2012.

Go to the [Open Enrollment Information Page](#)

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