

NEW JERSEY PSYCHOLOGICAL ASSOCIATION

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NJPA State Health Benefit Plan Analysis

Key Points:

1. Managing out of network benefits in the SHBP is costing the state of New Jersey, in real dollars, many times more than was previously being spent, prior to 9/1/06, with the unilateral change in policy. The cost of mental health services in New Jersey is estimated to be \$40 – \$50 million, representing 3.5 – 4.5% of total health care costs. This attempt at reducing costs could end up costing New Jersey more than \$200 million in unintended increases in medical costs, sick leave, temporary disability expenses, etc.

The Commission's attempt to save \$22 million, as they have advised us, would gut needed mental health services to public employees and their families.

2. We strongly urge the state to commission an **independent audit** to determine the **actual cost of mental health services** in New Jersey. The most recent audit, provided by the Aon Corporation, as well as those back several years, excludes mental health because of the nature of the contracts between the insurers and the state.
3. We recommend that the state conduct an **independent loss ratio analysis** comparing managed care costs with unmanaged care costs. The comparisons need to contain like samples and differentiate administrative vs. direct care costs.
4. In planning for the implementation of the new state plan, the state should include representatives of the licensed health care professionals who provide direct mental health services to public employees and their dependents. These groups, working collaboratively with the Commission, will provide critical information on best practices and will support the state in true cost containment strategies that do not negatively impact patient care.