

# Where will the money come from

How to talk to legislators and others about NJEA's track record of supporting smart reforms that save money on health care costs.

## *Leading the way on cost-effective health care reform*

NJEA's efforts to control health care costs and create room for Ch. 78 reform include:

- Proposed and advocated for reforms in how prescription drugs are bid.
  - Initial estimated savings: \$1.6 billion over 3 years, beginning Jan. 1, 2018.
  - Revised estimated savings: Additional \$120 million per year beginning Jan. 1, 2020.
  - Annual average savings: \$573 million
- Reforms in coverage of compound medications and Hepatitis C drugs
  - Annual estimated savings: \$100 million
- Medicare retirees moved to enhanced Aetna Educators Medicare plan
  - Annual estimated savings: \$160 million

Those three reforms alone, all advocated by NJEA, will save the state more than \$830 million per year. That is a base number that will continue to grow as those savings compound in the future. But there is more: the programs listed below will yield additional savings for the State of New Jersey.

## *Advanced care, advanced savings*

NJEA has advocated for other changes to health care for public employees in the state of New Jersey that have been implemented but for which costs savings estimates are not yet available, including:

- Direct Primary Care Medical Homes (DPCMH): Preliminary results show those that enroll in the program have healthcare costs that grow more slowly than the costs of those who do not participate in the program.
- Direct ZERO for active employees: Direct 0 is 20% less expensive than the Direct 10 program. This is an optional program, but anecdotal data indicates that thousands of NJEA members signed up for the program during open enrollment in October.
- Direct ZERO for retirees – Early retirees can select this program. This program is 19% less expensive than direct 10
- NJEA is currently working to rebid the medical contract so that the state gets the best savings possible, while continuing to supply the benefits that public school employees have earned.
- This year medical and prescription for active members was a negative 1.1%, early retirees negative 3.4% and for Medicare retirees negative 32.6%. When you put the entire book of business in the School Employees Health Benefits Plan (SEHBP) together, that is a negative 9.3% cost change, which demonstrates the power and effectiveness of NJEA's efforts to control costs.