

## MEMO:

To: Health Insurance Fund Commissioners  
From: PERMA LLC, Executive Director  
CC: Zita Group, MRHIF Lobbyist  
Date: December 2, 2024  
Re: HIF School Board Employee Required Covid Testing Reimbursement

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**Background: New Jersey COVID Protocols / Surveillance Testing**

On March 9, 2020, Executive Order No. 103 declared the existence of a Public Health Emergency in New Jersey (“PHE”). During the PHE there were more than a dozen Executive Orders that addressed best practices in response to the pandemic, including the implementation of surveillance testing.<sup>1</sup> Surveillance testing was to be conducted by unvaccinated employees on a routine basis (weekly or semi-weekly). New Jersey School Board sponsored health plans including the HIFs were directly impacted by these Executive Orders.

Executive Order No. 253 issued on August 23, 2021, required school programs to maintain a policy that required all employees to provide proof of vaccination or submit COVID-19 testing at a minimum of one to two times per week starting October 18, 2021. Employer surveillance testing such as this is not a covered service to be billed through employer health insurance plans. Due to the vagueness of the codes submitted and the availability of testing at retail pharmacies and other over the counter options, there was no way for insurance Carriers and/or Third-Party Administrators (TPAs) to determine what was employer required testing and what was medically necessary.

It is estimated for the end of 2021 and all of 2022, Health Insurance Funds paid \$2.5M attributed to COVID surveillance testing for compliance with Executive Order No. 253.

The New Jersey Department of Health received a federal award of \$267 million to provide COVID-19 screening testing resources supporting school districts. To comply with the state rules related to surveillance testing, COVID-19 testing was provided to school district employees by a state-run program which reimbursed the school districts via an application for reimbursement if the district opted into the program. Alternatively, districts could also contract with third-party testing vendors and the vendors were reimbursed from federal resources until such funding paused in April 2022. Finally, employees could obtain COVID-19 testing without any cost sharing through various providers, who billed the member health insurance for the cost of the test.

**Action:**

Beginning in the summer of 2023, PERMA partnered with the Zita Group, the MRHIF’s Lobbyist, to put forth a position paper to New Jersey Legislators seeking reimbursement for some of these misappropriated medical claim dollars.

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Throughout the past year, PERMA, the Zita Group and HIF leaders met with Legislators, Government agencies, and the office of the Governor to put forth our position.

There were many different approaches and avenues explored to seek reimbursement for our members. The 2024 proposed Governor’s budget included a line item attributed to COVID testing reimbursement for the HIFs. Unfortunately, that line was stricken at the last minute. We continued to work with the Zita group to advocate our case with the support of many legislators who represent Counties where our School Board members are located.

In June 2024, budget resolution # 4693 was passed authorizing \$1 million to be appropriated for Health Insurance Fund Covid-19 reimbursements. The resolution had 2 primary sponsors and 9 co-sponsors including Senators and Assemblymembers. The monies would be issued as a Grant from the Department of Education.

**Reimbursement and Allocation**

On October 29<sup>th</sup> we were contacted by the Division of Finance and Business Services to notify us of the \$1M Grant award and begin the process. On behalf of the Funds and their School Board membership, the Grant agreement was executed and banking information for the MRHIF was provided. The MRHIF will be the initial recipient of the grant monies and disperse it to the Local HIFs based on their prorata share of the surveillance claims spend.

<i>FUND</i>	<i>BOE Surveillance Testing Claims</i>	<i>Grant Share</i>
BMED/Gateway	\$11,423	\$4,454
CJHIF	\$2,486	\$969
Southern Coastal	\$306,049	\$119,343
METRO	\$88,084	\$34,348
SHIF	\$2,148,498	\$837,800
SKYLANDS	\$7,913	\$3,086
<b>Total</b>	<b>\$2,564,453</b>	<b>\$1,000,000</b>

For the impacted Funds, we will provide updates on the grant receipt and expected date of deposit at the meetings of Executive Committees/ Board of Trustees. Upon receipt monies will be utilized to offset paid claims and support surplus.

**Recognition:**

Results such as these would not be possible without the support of the Fund Commissioners.

This was a lengthy undertaking. Senior Leaders from PERMA, LLC, the Zita Group and Fund Chairs contributed to the success.

- PERMA, LLC:
  - o Diane Peterson, Sr. Partner – *Lead*
  - o Tammy Brown, Executive Partner
- Zita Group:
  - o Beth Dohm, Executive Vice President
  - o Christopher Hughes, Senior Vice President
- Fund Chairs:
  - o Joseph Collins, SHIF
  - o Greg Hart, BMED/Gateway