



January 15, 2021

Re: Important Information about New COVID-19 Surcharge

Dear Employer:

Like all of our participants, Members Health Plan NJ is concerned for the health and well-being of our families, friends, neighbors and coworkers who are impacted by the ongoing COVID-19 pandemic. As vaccines and new treatments offer hope for improved health outcomes, we want you to know that Members Health Plan NJ is taking steps to ensure the Plan's continued service and long-term viability for our members.

Since the beginning of the pandemic, the Board has been monitoring the claims volume to see what effect, if any, COVID-19 would have on the Plan. After holding our healthcare fees relatively flat with no or little increases for most of 2019 and a portion of 2020, we have since experienced a significant rise in claims related to the pandemic. This cost includes a significant increase in COVID-19 testing costs for claims when enrollees are not symptomatic or exposed, and for work-related testing. The Plan has spent an estimated \$10 million in COVID-19 claim expenses, in addition to normal anticipated claim volume.

Based on these significant medical costs associated with the COVID-19 pandemic and no decrease in utilization, the Plan needs to apply a COVID-19 monthly surcharge of 5.5 percent to help partially cover these unexpected costs. It is our hope that this surcharge can be removed once the pandemic draws to a conclusion.

This measure will go into effect on February 1, 2021. The COVID-19 surcharge will be calculated on your total monthly healthcare fees and will be added to your invoice each month and could be adjusted at any time if needed. This measure is permitted as outlined in our contract.

We recognize that our members already face pandemic-related financial pressures, and we are doing all we can to minimize the amount and duration of this surcharge. The Board will continually assess the situation and hopes to remove the surcharge as soon as costs and claims volume normalize.

In addition, the Plan will continue to manage our COVID-related claims and costs aggressively and find ways to lessen the impact on our members.

Members HealthPlan^{NJ}

Designed for You.

For example, we have:

- Secured cost reductions of about 10 percent from all of our key vendors and will continue to work with them to achieve further savings whenever possible;
- Identified additional ways to minimize Plan expenses;
- Communicated with employers how best to direct their enrollees for work-related COVID-19 claims to other insurance programs, such as workers compensation which is in place to cover work-related medical costs; and
- Have and will continue to educate members/employees about Plan coverage for COVID-19 related testing, vaccines, and other related issues.

As a self-insured, member-owned and governed MEWA health plan, we want to ensure Members Health Plan NJ remains strong for all of our members and sponsor associations.

As always, we appreciate your participation in Members Health Plan NJ and we look forward to serving our members through this pandemic and for many years to come.

For more information and FAQ's about COVID-19 and the COVID-19 surcharge please visit our website membershealthplannj.com, or contact the Plan at (833) MEWANOW, prompt #9.

Sincerely,

Board of Trustees
Affiliated Physicians and Employers Health Plan
Members Health Plan NJ