

# SENATE, No. 2718

## STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED FEBRUARY 22, 2011

**Sponsored by:**

**Senator STEPHEN M. SWEENEY**

**District 3 (Salem, Cumberland and Gloucester)**

**Senator JENNIFER BECK**

**District 12 (Mercer and Monmouth)**

**SYNOPSIS**

Establishes certain criteria for public employee health care benefits plans; requires premium percentage-based employee contribution.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 2/23/2011)**

1 AN ACT concerning public employee health insurance, amending  
2 P.L.1983, c.108, P.L.2007, c.18, P.L.2007, c.103, N.J.S.40A:10-  
3 17, and P.L.1961, c.49, and supplementing chapter 14 of Title 52  
4 of the Revised Statutes.

5  
6 **BE IT ENACTED** by the Senate and General Assembly of the State  
7 of New Jersey:

8  
9 1. (New section) a. Notwithstanding the provisions of any  
10 other law to the contrary, the amount payable through the  
11 withholding of the contribution from the pay, salary or other  
12 compensation, for health care benefits coverage of public  
13 employees covered under the State Health Benefits Program or the  
14 School Employees' Health Benefits Program and employed on the  
15 effective date of P.L. , c. (C. ) (pending before the Legislature  
16 as this bill) shall be as follows:

17 (1) for single coverage, an employee who earns \$29,999 or less  
18 shall pay 6 percent during the first year thereafter, 8 percent during  
19 the second year thereafter, 10 percent during the third year  
20 thereafter, and 12 percent during the fourth year thereafter and each  
21 subsequent year thereafter;

22 an employee who earns \$30,000 or more but not more than  
23 \$49,999 shall pay 10 percent during the first year thereafter, 12  
24 percent during the second year thereafter, 14 percent during the  
25 third year thereafter, and 16 percent during the fourth year  
26 thereafter and each subsequent year thereafter;

27 an employee who earns \$50,000 or more but not more than  
28 \$74,999 shall pay 13 percent during the first year thereafter, 15  
29 percent during the second year thereafter, 17 percent during the  
30 third year thereafter, and 19 percent during the fourth year  
31 thereafter and each subsequent year thereafter;

32 an employee who earns \$75,000 or more but not more than  
33 \$99,999 shall pay 18 percent during the first year thereafter, 21  
34 percent during the second year thereafter, 24 percent during the  
35 third year thereafter, and 27 percent during the fourth year  
36 thereafter and each subsequent year thereafter; and

37 an employee who earns \$100,000 or more shall pay 21 percent  
38 during the first year thereafter, 24 percent during the second year  
39 thereafter, 27 percent during the third year thereafter, and 30  
40 percent during the fourth year thereafter and each subsequent year  
41 thereafter.

42 (2) For all other types of coverage, an employee who earns  
43 \$29,999 or less shall pay 2 percent of the cost of coverage during  
44 the first year after that effective date, 3 percent during the second  
45 year thereafter, 4 percent during the third year thereafter, 6 percent

**EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.**

**Matter underlined thus is new matter.**

1 during the fourth year thereafter, 8 percent during the fifth year  
2 thereafter, 10 percent during the sixth year thereafter, and 12  
3 percent during the seventh year thereafter and each subsequent year  
4 thereafter;

5 an employee who earns \$30,000 or more but not more than  
6 \$49,999 shall pay 4 percent of the cost of coverage during the first  
7 year after that effective date, 6 percent during the second year  
8 thereafter, 8 percent during the third year thereafter, 10 percent  
9 during the fourth year thereafter, 12 percent during the fifth year  
10 thereafter, 14 percent during the sixth year thereafter, and 16  
11 percent during the seventh year thereafter and each subsequent year  
12 thereafter;

13 an employee who earns \$50,000 or more but not more than  
14 \$74,999 shall pay 7 percent of the cost of coverage during the first  
15 year after that effective date, 9 percent during the second year  
16 thereafter, 11 percent during the third year thereafter, 13 percent  
17 during the fourth year thereafter, 15 percent during the fifth year  
18 thereafter, 17 percent during the sixth year thereafter, and 19  
19 percent during the seventh year thereafter and each subsequent year  
20 thereafter;

21 an employee who earns \$75,000 or more but not more than  
22 \$99,999 shall pay 9 percent of the cost of coverage during the first  
23 year after that effective date, 12 percent during the second year  
24 thereafter, 15 percent during the third year thereafter, 18 percent  
25 during the fourth year thereafter, 21 percent during the fifth year  
26 thereafter, 24 percent during the sixth year thereafter, and 27  
27 percent during the seventh year thereafter and each subsequent year  
28 thereafter; and

29 an employee who earns \$100,000 or more shall pay 12 percent of  
30 the cost of coverage during the first year after that effective date, 15  
31 percent during the second year thereafter, 18 percent during the  
32 third year thereafter, 21 percent during the fourth year thereafter, 24  
33 percent during the fifth year thereafter, 27 percent during the sixth  
34 year thereafter, and 30 percent during the seventh year thereafter  
35 and each subsequent year thereafter.

36 (3) Under no circumstance shall the amount payable by any  
37 employee through the withholding of the contribution from the pay,  
38 salary or other compensation, for health care benefits coverage  
39 under this subsection be less than 1.5 percent of pay, salary or other  
40 compensation.

41 b. Notwithstanding the provisions of any other law to the  
42 contrary, the amount payable through the withholding of the  
43 contribution from the pay, salary or other compensation, for health  
44 care benefits coverage of public employees covered under the State  
45 Health Benefits Program or the School Employees' Health Benefits  
46 Program and who become employed after the effective date of  
47 P.L. , c. (C. ) (pending before the Legislature as this bill) shall  
48 be as follows:

1 an employee who earns \$29,999 or less shall pay 12 percent of  
2 the cost of coverage;

3 an employee who earns \$30,000 or more but not more than  
4 \$49,999 shall pay 16 percent of the cost of coverage;

5 an employee who earns \$50,000 or more but not more than  
6 \$74,999 shall pay 19 percent of the cost of coverage;

7 an employee who earns \$75,000 or more but not more than  
8 \$99,999 shall pay 27 percent of the cost of coverage; and

9 an employee who earns \$100,000 or more shall pay 30 percent of  
10 the cost of coverage.

11 Under no circumstance shall the amount payable by any  
12 employee through the withholding of the contribution from the pay,  
13 salary or other compensation, for health care benefits coverage  
14 under this subsection be less than 1.5 percent of pay, salary or other  
15 compensation.

16 c. Notwithstanding the provisions of any other law to the  
17 contrary, employees of the State or of other participating employers  
18 who retire from employment after the effective date of this act,  
19 P.L. , c. (C. ) (pending before the Legislature as this  
20 bill), excluding employees who have accrued 25 years of service  
21 credit in a State or locally administered retirement system prior to  
22 that effective date, for whom the State or other employer has  
23 obligated prior to that effective date to pay all or part of the  
24 premium or periodic charges for health benefits, shall pay through  
25 the withholding of the contribution from the amount of the  
26 retirement allowance for health care benefits coverage under the  
27 State Health Benefits Program or the School Employees' Health  
28 Benefits Program as follows:

29 (1) for single coverage, a retiree who receives \$29,999 or less  
30 shall pay 6 percent during the first year thereafter, 8 percent during  
31 the second year thereafter, 10 percent during the third year  
32 thereafter, and 12 percent during the fourth year thereafter and each  
33 subsequent year thereafter;

34 a retiree who receives \$30,000 or more but not more than  
35 \$49,999 shall pay 10 percent during the first year thereafter, 12  
36 percent during the second year thereafter, 14 percent during the  
37 third year thereafter, and 16 percent during the fourth year  
38 thereafter and each subsequent year thereafter;

39 a retiree who receives \$50,000 or more but not more than  
40 \$74,999 shall pay 13 percent during the first year thereafter, 15  
41 percent during the second year thereafter, 17 percent during the  
42 third year thereafter, and 19 percent during the fourth year  
43 thereafter and each subsequent year thereafter;

44 a retiree who receives \$75,000 or more but not more than  
45 \$99,999 shall pay 18 percent during the first year thereafter, 21  
46 percent during the second year thereafter, 24 percent during the  
47 third year thereafter, and 27 percent during the fourth year  
48 thereafter and each subsequent year thereafter; and

1 a retiree who receives \$100,000 or more shall pay 21 percent  
2 during the first year thereafter, 24 percent during the second year  
3 thereafter, 27 percent during the third year thereafter, and 30  
4 percent during the fourth year thereafter and each subsequent year  
5 thereafter.

6 (2) for all other types of coverage, a retiree who receives \$29,999  
7 or less shall pay 2 percent of the cost of coverage during the first  
8 year after that effective date, 3 percent during the second year  
9 thereafter, 4 percent during the third year thereafter, 6 percent  
10 during the fourth year thereafter, 8 percent during the fifth year  
11 thereafter, 10 percent during the sixth year thereafter, and 12  
12 percent during the seventh year thereafter and each subsequent year  
13 thereafter;

14 a retiree who receives \$30,000 or more but not more than  
15 \$49,999 shall pay 4 percent of the cost of coverage during the first  
16 year after that effective date, 6 percent during the second year  
17 thereafter, 8 percent during the third year thereafter, 10 percent  
18 during the fourth year thereafter, 12 percent during the fifth year  
19 thereafter, 14 percent during the sixth year thereafter, and 16  
20 percent during the seventh year thereafter and each subsequent year  
21 thereafter;

22 a retiree who receives \$50,000 or more but not more than  
23 \$74,999 shall pay 7 percent of the cost of coverage during the first  
24 year after that effective date, 9 percent during the second year  
25 thereafter, 11 percent during the third year thereafter, 13 percent  
26 during the fourth year thereafter, 15 percent during the fifth year  
27 thereafter, 17 percent during the sixth year thereafter, and 19  
28 percent during the seventh year thereafter and each subsequent year  
29 thereafter;

30 a retiree who receives \$75,000 or more but not more than  
31 \$99,999 shall pay 9 percent of the cost of coverage during the first  
32 year after that effective date, 12 percent during the second year  
33 thereafter, 15 percent during the third year thereafter, 18 percent  
34 during the fourth year thereafter, 21 percent during the fifth year  
35 thereafter, 24 percent during the sixth year thereafter, and 27  
36 percent during the seventh year thereafter and each subsequent year  
37 thereafter; and

38 a retiree who receives \$100,000 or more shall pay 12 percent of  
39 the cost of coverage during the first year after that effective date, 15  
40 percent during the second year thereafter, 18 percent during the  
41 third year thereafter, 21 percent during the fourth year thereafter, 24  
42 percent during the fifth year thereafter, 27 percent during the sixth  
43 year thereafter, and 30 percent during the seventh year thereafter  
44 and each subsequent year thereafter.

45 (3) Under no circumstance shall the amount payable by any  
46 retiree through the withholding of the contribution from the pay,  
47 salary or other compensation, for health care benefits coverage

1 under this subsection be less than 1.5 percent of pay, salary or other  
2 compensation.

3 d. As used in this section, "State" shall include any  
4 independent state authority, board, commission, corporation,  
5 agency, or organization.

6  
7 2. (New section) a. The State Health Benefits Commission  
8 shall adopt policies and procedures to promote the use of generic  
9 drugs by employees, retirees, and their dependents.

10 b. The State and participating employers shall require that  
11 employees participate in annual personal health appraisals, and  
12 health and wellness plans, as established by the State Health  
13 Benefits Commission. The State Health Benefits Commission shall  
14 create a premium incentive program to ensure that employees will  
15 receive financial incentives when they, and their dependents,  
16 maintain a healthy lifestyle.

17 c. The State Health Benefits Commission shall utilize the  
18 services of a pharmacy benefits manager for prescription drug  
19 coverage.

20 d. The State Health Benefits Commission shall provide at all  
21 times for a choice of at least five different plans or levels of  
22 coverage and out of pocket costs, each of which shall include  
23 dependent coverage for employees and participating employers.

24 e. This section shall be applicable to the State Employees'  
25 Health Benefits Program.

26 f. As used in this section, "State" shall include any  
27 independent state authority, board, commission, corporation,  
28 agency, or organization.

29  
30 3. (New section) Notwithstanding the provisions of any other  
31 law to the contrary, on the effective date of P.L. , c. (C. )  
32 (pending before the Legislature as this bill) and thereafter, no  
33 employer other than the State shall be permitted to commence  
34 participation under the State Health Benefits Program or the School  
35 Employees' Health Benefits Program.

36  
37 4. Section 3 of P.L.1961, c.49 (C.52:14-17.27) is amended to  
38 read as follows:

39 3. There is hereby created a State Health Benefits Commission,  
40 consisting of five members: the State Treasurer; the Commissioner  
41 of Banking and Insurance; the Chairperson of the Civil Service  
42 Commission; a State employees' representative chosen by the Public  
43 Employees' Committee of the AFL-CIO; [and, through June 30,  
44 2008, when employers of employees, as defined in section 32 of  
45 P.L.2007, c.103 (C.52:14-17.46.2), will no longer be eligible to  
46 participate in the State Health Benefits Program authorized by  
47 P.L.1961, c.49, a representative chosen by the New Jersey  
48 Education Association, which represents the largest number of

1 employees of employers other than the State participating in the  
2 State Health Benefits Program. Beginning July 1, 2008, the fifth  
3 member of the commission shall be] and a local employees'  
4 representative chosen by the Public Employees' Committee of the  
5 AFL-CIO.

6 The treasurer shall be chairman of the commission and the health  
7 benefits program authorized by P.L.1961, c.49 shall be administered  
8 in the Treasury Department. The Director of the Division of  
9 Pensions and Benefits shall be the secretary of the commission.  
10 The commission shall establish a health benefits program for the  
11 employees of the State, the cost of which shall be paid as specified  
12 in section 6 of P.L.1961, c.49. The commission shall establish rules  
13 and regulations as may be deemed reasonable and necessary for the  
14 administration of P.L.1961, c.49.

15 The Attorney General shall be the legal advisor of the  
16 commission.

17 The members of the commission shall serve without  
18 compensation but shall be reimbursed for any necessary  
19 expenditures. The public employee members shall not suffer loss of  
20 salary or wages during service on the commission.

21 The commission shall publish annually a report showing the  
22 fiscal transactions of the program for the preceding year and stating  
23 other facts pertaining to the plan. The commission shall submit the  
24 report to the Governor and furnish a copy to every employer for use  
25 of the participants and the public.

26 The members of the State Health Benefits Commission shall  
27 work cooperatively in evaluating health care benefits vendors and  
28 options for employee health care benefits coverage. The  
29 commission shall provide for health care benefits coverage at the  
30 lowest cost possible to the State and to participating employers.  
31 The commission shall also devise strategies for continued safety,  
32 health and wellness of the employees of the State and of  
33 participating employers, and shall create a premium incentive  
34 program to ensure that employees will receive financial incentives  
35 when they, and their dependents, maintain a healthy lifestyle.

36 (cf: P.L.2008, c.29, s.108)

37

38 5. Section 33 of P.L.2007, c.103 (C.52:14-17.46.3) is amended  
39 to read as follows:

40 33. a. There is hereby created a School Employees' Health  
41 Benefits Commission, consisting of nine members:

42 (1) the State Treasurer and the Commissioner of the Department  
43 of Banking and Insurance serving ex officio;

44 (2) a member appointed by the Governor who is a New Jersey  
45 resident and is qualified by experience, education, or training in the  
46 review, administration, or design of health insurance plans for self-  
47 insured employers;

1 (3) a member appointed by the Governor from among three  
2 persons nominated by the New Jersey School Boards' Association,  
3 which member shall be qualified by experience, education, or  
4 training in the review, administration, or design of health insurance  
5 plans for self-insured employers;

6 (4) three members appointed by the Governor from among five  
7 persons nominated by the New Jersey Education Association, of  
8 whom two shall be qualified by experience, education, or training in  
9 the review, administration, or design of health insurance plans for  
10 self-insured employers;

11 (5) a member appointed by the Governor from among three  
12 persons nominated by the education section of the New Jersey State  
13 AFL-CIO, which member shall be qualified by experience,  
14 education, or training in the review, administration, or design of  
15 health insurance plans for self-insured employers; and

16 (6) a member appointed pursuant to subsection b. of this section  
17 who shall be the chairperson.

18 b. The Governor shall appoint the chairperson from among  
19 three persons nominated jointly by at least six of the eight members  
20 appointed pursuant to subsection a. of this section.

21 c. If the Governor declines to make an appointment from  
22 among the persons nominated for membership, the Governor shall  
23 request that a new list of nominees be provided in compliance with  
24 subsection a. of this section. If the Governor declines to make an  
25 appointment from the new list, the process set forth in this  
26 subsection shall be repeated until the Governor makes an  
27 appointment from a list of nominees. Except with respect to the  
28 appointment of the chairperson, if a new list of nominees is not  
29 submitted within 45 days of the Governor's request, the Governor  
30 shall make the appointment without the need to select from any list  
31 of nominees.

32 d. The initial terms of the members of the commission shall be  
33 as follows:

34 (1) the member appointed pursuant to paragraph (3) of  
35 subsection a. of this section and the two members appointed  
36 pursuant to paragraph (4) of subsection a. of this section who are  
37 required to be qualified by experience, education, or training shall  
38 serve for a term of three years;

39 (2) the member appointed pursuant to paragraph (2) of  
40 subsection a. of this section, the member appointed pursuant to  
41 paragraph (4) of subsection a. of this section who is not required to  
42 be qualified by experience, education, or training, and the member  
43 appointed pursuant to paragraph (5) of subsection a. of this section  
44 shall serve for a term of two years; and

45 (3) the chairperson shall serve for a term of six years.

46 All subsequent terms shall be for three years, except that the  
47 term of the chairperson shall be five years. A member of the  
48 commission may be reappointed to succeeding terms without limit



1 in the same manner as the original appointment. A vacancy  
2 occurring on the commission shall be filled in the same manner as  
3 the original appointment and only for the unexpired term.

4 The members of the School Employees' Health Benefits  
5 Commission shall work cooperatively in evaluating health care  
6 benefits vendors and options for employee health care benefits  
7 coverage. The commission shall provide for health care benefits  
8 coverage at the lowest cost possible to the State and to participating  
9 employers. The commission shall also devise strategies for  
10 continued safety, health and wellness of the employees. The  
11 commission shall create a premium incentive program to ensure that  
12 employees will receive financial incentives when they, and their  
13 dependents, maintain a healthy lifestyle.

14 (cf: P.L.2007, c.103, s.33)

15

16 6. Section 9 of P.L.2007, c.18 (C.18A:16-13.1) is amended to  
17 read as follows:

18 9. a. A board of education **[may provide]** offering health care  
19 benefits coverage to its employees shall provide at all times for a  
20 choice of at least five different contributory [or non-contributory]  
21 group health insurance plans or levels of coverage and out of pocket  
22 costs, each of which shall include dependent coverage, and which  
23 shall be certified by the Division of Pension and Benefits in the  
24 Department of the Treasury as complying with the provisions of  
25 P.L. , c. (C. ) (pending before the Legislature as this bill)  
26 **[or group term life insurance, or both]**, for full-time employees, or  
27 their dependents, or both, through self insurance, the purchase of  
28 commercial insurance or reinsurance or any combination thereof.

29 A board of education also may offer group term life insurance  
30 for employees or their dependents, or both, through self insurance,  
31 the purchase of commercial insurance, or reinsurance, or any  
32 combination thereof. The maximum risk to be retained for group  
33 term life insurance by a board of education on a self insured basis  
34 shall not exceed a face amount of \$5,000 per covered employee or  
35 dependent or such greater amount as approved by the  
36 Commissioners of Banking and Insurance and Education.  
37 Notwithstanding any other provision of law to the contrary, the  
38 board shall be subject to the surcharge levied pursuant to section 3  
39 of P.L.1993, c.8 (C.52:14-17.38c) for claims paid within the  
40 retained amount. For any claims paid in excess of the retained  
41 amount, the surcharge shall be paid by the entity insuring the excess  
42 amount.

43 b. (1) Each employee of a board of education shall contribute  
44 toward the cost of the employee's health care benefits coverage.  
45 Notwithstanding the provisions of any other law to the contrary, the  
46 amount payable through the withholding of the contribution from  
47 the pay, salary or other compensation for health care benefits  
48 coverage of public employees employed on the effective date of

1 P.L. , c. (C. ) (pending before the Legislature as this bill) shall  
2 be as follows:

3 (a) for single coverage, an employee who earns \$29,999 or less  
4 shall pay 6 percent during the first year thereafter, 8 percent during  
5 the second year thereafter, 10 percent during the third year  
6 thereafter, and 12 percent during the fourth year thereafter and each  
7 subsequent year thereafter;

8 an employee who earns \$30,000 or more but not more than  
9 \$49,999 shall pay 10 percent during the first year thereafter, 12  
10 percent during the second year thereafter, 14 percent during the  
11 third year thereafter, and 16 percent during the fourth year  
12 thereafter and each subsequent year thereafter;

13 an employee who earns \$50,000 or more but not more than  
14 \$74,999 shall pay 13 percent during the first year thereafter, 15  
15 percent during the second year thereafter, 17 percent during the  
16 third year thereafter, and 19 percent during the fourth year  
17 thereafter and each subsequent year thereafter;

18 an employee who earns \$75,000 or more but not more than  
19 \$99,999 shall pay 18 percent during the first year thereafter, 21  
20 percent during the second year thereafter, 24 percent during the  
21 third year thereafter, and 27 percent during the fourth year  
22 thereafter and each subsequent year thereafter; and

23 an employee who earns \$100,000 or more shall pay 21 percent  
24 during the first year thereafter, 24 percent during the second year  
25 thereafter, 27 percent during the third year thereafter, and 30  
26 percent during the fourth year thereafter and each subsequent year  
27 thereafter.

28 (b) for all other types of coverage, an employee who earns  
29 \$29,999 or less shall pay 2 percent of the cost of coverage during  
30 the first year after that effective date, 3 percent during the second  
31 year thereafter, 4 percent during the third year thereafter, 6 percent  
32 during the fourth year thereafter, 8 percent during the fifth year  
33 thereafter, 10 percent during the sixth year thereafter, and 12  
34 percent during the seventh year thereafter and each subsequent year  
35 thereafter;

36 an employee who earns \$30,000 or more but not more than  
37 \$49,999 shall pay 4 percent of the cost of coverage during the first  
38 year after that effective date, 6 percent during the second year  
39 thereafter, 8 percent during the third year thereafter, 10 percent  
40 during the fourth year thereafter, 12 percent during the fifth year  
41 thereafter, 14 percent during the sixth year thereafter, and 16  
42 percent during the seventh year thereafter and each subsequent year  
43 thereafter;

44 an employee who earns \$50,000 or more but not more than  
45 \$74,999 shall pay 7 percent of the cost of coverage during the first  
46 year after that effective date, 9 percent during the second year  
47 thereafter, 11 percent during the third year thereafter, 13 percent  
48 during the fourth year thereafter, 15 percent during the fifth year

1 thereafter, 17 percent during the sixth year thereafter, and 19  
2 percent during the seventh year thereafter and each subsequent year  
3 thereafter;

4 an employee who earns \$75,000 or more but not more than  
5 \$99,999 shall pay 9 percent of the cost of coverage during the first  
6 year after that effective date, 12 percent during the second year  
7 thereafter, 15 percent during the third year thereafter, 18 percent  
8 during the fourth year thereafter, 21 percent during the fifth year  
9 thereafter, 24 percent during the sixth year thereafter, and 27  
10 percent during the seventh year thereafter and each subsequent year  
11 thereafter; and

12 an employee who earns \$100,000 or more shall pay 12 percent of  
13 the cost of coverage during the first year after that effective date, 15  
14 percent during the second year thereafter, 18 percent during the  
15 third year thereafter, 21 percent during the fourth year thereafter, 24  
16 percent during the fifth year thereafter, 27 percent during the sixth  
17 year thereafter, and 30 percent during the seventh year thereafter  
18 and each subsequent year thereafter.

19 (2) Notwithstanding the provisions of any other law to the  
20 contrary, the amount payable through the withholding of the  
21 contribution from the pay, salary or other compensation, for health  
22 care benefits coverage of employees of a board of education who  
23 become employed after the effective date of P.L. , c. (C. )  
24 (pending before the Legislature as this bill) shall be as follows:

25 an employee who earns \$29,999 or less shall pay 12 percent of  
26 the cost of coverage;

27 an employee who earns \$30,000 or more but not more than  
28 \$49,999 shall pay 16 percent of the cost of coverage;

29 an employee who earns \$50,000 or more but not more than  
30 \$74,999 shall pay 19 percent of the cost of coverage;

31 an employee who earns \$75,000 or more but not more than  
32 \$99,999 shall pay 27 percent of the cost of coverage; and

33 an employee who earns \$100,000 or more shall pay 30 percent of  
34 the cost of coverage.

35 (3) Under no circumstance shall the amount payable by any  
36 employee through the withholding of the contribution from the pay,  
37 salary or other compensation, for health care benefits coverage  
38 under this subsection be less than 1.5 percent of pay, salary or other  
39 compensation.

40 c. Every board of education offering health care benefits  
41 coverage that includes a prescription drug program shall adopt  
42 policies and procedures to promote the use of generic drugs by  
43 employees and their dependents, and also shall enter into  
44 cooperative purchasing agreements with other boards of education  
45 or local units, as that term is defined in N.J.S.40A:10-17, for the  
46 purchase of prescription drugs and pharmacy benefits management  
47 services.

1 d. Every board of education offering health care benefits  
2 coverage shall require that its employees participate in annual  
3 personal health appraisals, and health and wellness plans. The  
4 board of education shall create a premium incentive program to  
5 ensure that employees will receive financial incentives when they,  
6 and their dependents, maintain a healthy lifestyle.

7 e. Every board of education offering health care benefits  
8 coverage to its employees shall create an Employee Benefits  
9 Quality, Cost and Delivery Committee in order to help develop the  
10 components of its health care benefits coverage to its employees.

11 The members of the committee shall include two members of the  
12 board of education, the school business administrator, the  
13 purchasing agent if not the business administrator, the  
14 superintendent of the school district, and one member of each labor  
15 union and bargaining group representing employees of the board of  
16 education. The committee shall work cooperatively in evaluating  
17 health care benefits vendors and options for employee health care  
18 benefits coverage. The committee shall design and develop the  
19 options for employee health care benefits coverage and shall select  
20 the vendors best able to provide that coverage at the lowest cost to  
21 the employer in accordance with applicable contracting laws. The  
22 committee shall negotiate contracts for health care benefits  
23 coverage with the selected vendors on behalf of the board of  
24 education and recommend those contracts to the board of education  
25 for approval in accordance with applicable contracting laws. The  
26 committee shall also devise strategies for continued safety, health  
27 and wellness of the board of education's workforce.

28 f. Every board of education offering health care benefits  
29 coverage to its employees shall annually validate the eligibility of  
30 each full-time employee's dependents covered under the board of  
31 education's health care benefits coverage to ensure that only  
32 eligible dependents are enrolled for health care benefits coverage.  
33 The board of education shall require that each employee covering  
34 dependents on the employee's health care benefits coverage shall  
35 annually provide to the board of education any documentation  
36 requested by the board of education that will allow the board of  
37 education to verify the dependent's eligibility for dependent health  
38 care benefits coverage. Failure of an employee to provide the board  
39 of education with the documentation required by this section when  
40 such documentation is requested by the board of education shall  
41 result in the immediate cancellation of the employee's dependent  
42 health care benefits coverage until such time as the documents are  
43 produced by the employee and provided to the board of education.

44 g. For the purposes of this section:

45 "full-time employee" means an employee who meets the board of  
46 education's minimum hours required for full-time status by a  
47 resolution adopted by the board of education, provided that it is at  
48 least 25 hours per week, or more if required by contract or

1 resolution. Employment shall also be for 12 months per year except  
2 for employees whose usual work schedule is 10 months per year,  
3 which is the standard school year.  
4 (cf: P.L.2007, c.18, s.9)

5  
6 7. Section 2 of P.L.1983, c.108 (C.18A:18B-2) is amended to  
7 read as follows:

8 2. Insurance authorized. Any board of education is authorized  
9 to insure, contract or provide for any insurable interest of the  
10 district or board in the manner authorized by section 3 of P.L.1983,  
11 c.108 (C.18A:18B-3), for the following:

12 a. Any loss or damage to its property, real or personal, motor  
13 vehicles, equipment or apparatus;

14 b. Any loss or damage from liability resulting from the use or  
15 operation of motor vehicles, equipment or apparatus owned or  
16 controlled by it;

17 c. Any loss or damage from liability for its own acts or  
18 omissions and for acts or omissions of its officers, employees or  
19 servants arising out of and in the course of the performance of their  
20 duties, including, but not limited to, any liability established by the  
21 "New Jersey Tort Claims Act," N.J.S.59:1-1 et seq., or by any  
22 federal or other law;

23 d. Loss or damage from liability as established by Chapter 15  
24 of Title 34 of the Revised Statutes, Labor and Workers'  
25 Compensation (R.S.34:15-1 et seq.);

26 e. Expenses of defending any claim against the board, district,  
27 officer, employee or servant arising out of and in the course of the  
28 performance of their duties, whether or not liability exists on the  
29 claim;

30 f. Benefits pursuant to contributory **[or non-contributory]**  
31 group health insurance or group term life insurance, or both, for  
32 employees or their dependents, or both, through self insurance, the  
33 purchase of commercial insurance or reinsurance, or any  
34 combination thereof. The maximum risk to be retained for group  
35 term life insurance by a joint insurance fund on a self insured basis  
36 shall not exceed a face amount of \$5,000 per covered employee or  
37 dependent or such greater amount as approved by the  
38 Commissioners of Banking and Insurance and Education.  
39 Notwithstanding any other provision of law to the contrary, the  
40 board or joint insurance fund shall be subject to the surcharge  
41 levied pursuant to section 3 of P.L.1993, c.8 (C.52:14-17.38c) for  
42 claims paid within the retained amount. For any claims paid in  
43 excess of the retained amount, the surcharge shall be paid by the  
44 entity insuring the excess amount;

45 g. Loss from liability associated with sick leave payment for  
46 service connected disability as provided by N.J.S.18A:30-2.1;

47 h. Any loss or damage from liability resulting from loss or theft  
48 of money or securities;

1 i. Blanket bond coverage for certain school board officers,  
2 employees, and volunteer organizations serving a school board for  
3 faithful performance and discharge of their duties;

4 j. Bodily injury and property damage claims arising from  
5 environmental impairment liability and legal representation therefor  
6 to the extent that such coverages, as approved by the Commissioner  
7 of Banking and Insurance, are provided by the purchase of  
8 insurance and no risk is retained by the fund; and

9 k. Student accident coverage to the extent approved by the  
10 Commissioner of Banking and Insurance.

11 As used in this section:

12 (1) "life insurance" means life insurance as defined in  
13 N.J.S.17B:17-3;

14 (2) "health insurance" means health insurance as defined in  
15 N.J.S.17B:17-4 or benefits provided by hospital service  
16 corporations, medical service corporations or health service  
17 corporations authorized to do business in this State; **[and]**

18 (3) "dependents" means dependents as defined pursuant to  
19 section 1 of P.L.1979, c.391 (C.18A:16-12); and

20 (4) for the purposes of health insurance:

21 "employee" means a person who meets the board of education's  
22 minimum hours required for full-time status by a resolution adopted  
23 by the board, provided that it is at least 25 hours per week, or more  
24 if required by contract or resolution. Employment shall also be for  
25 12 months per year except for employees whose usual work  
26 schedule is 10 months per year, which is the standard school year.

27 (cf: P.L.1999, c.435, s.1)

28

29 8. N.J.S.40A:10-17 is amended to read as follows:

30 40A:10-17. **[Any]** Every local unit or agency thereof, herein  
31 referred to as employers, **[may]** when offering healthcare benefits  
32 coverage to its employees, shall provide at all times for a choice of  
33 at least five different health care plans or levels of coverage and out  
34 of pocket costs, each of which shall include dependent coverage,  
35 and which shall be certified by the Division of Pension and Benefits  
36 in the Department of the Treasury as complying with the provisions  
37 of P.L. , c. (C. ) (pending before the Legislature as this bill).

38 An employer may:

39 a. Enter into contracts of group life, accidental death and  
40 dismemberment, hospitalization, dental, medical, surgical, major  
41 medical expense, or health and accident insurance with any  
42 insurance company or companies authorized to do business in this  
43 State, or may contract with a nonprofit hospital service or medical  
44 service or dental service corporation with respect to the benefits  
45 which they are authorized to provide respectively. The contract or  
46 contracts shall provide any one or more of such coverages for the  
47 employees of such employer and may include their dependents;

1       b. Enter into a contract or contracts to provide drug  
2 prescription and other health care benefits, or enter into a contract  
3 or contracts to provide drug prescription and other health care  
4 benefits as may be required to implement a duly executed collective  
5 negotiation agreement, or as may be required to implement a  
6 determination by a local unit to provide such benefit or benefits to  
7 employees not included in collective negotiations units;

8       c. Enter into a contract with an insurance company authorized  
9 to do business in this State to provide to its employees on a group or  
10 individual basis, individual retirement annuities, as defined by  
11 section 408(b) of the Federal Internal Revenue Code of 1954 as  
12 amended (26 U.S.C. s.408(b)). The contract shall provide for  
13 coverage under these annuities of any employee of the employer  
14 and may provide for the establishment of annuities on behalf of the  
15 spouse of the employee.

16       Nothing herein contained shall be deemed to authorize coverage  
17 of dependents of an employee under a group life insurance policy or  
18 to allow the issuance of a group life insurance policy under which  
19 the entire premium is to be derived from funds contributed by the  
20 insured employees.

21       d. (1) Each employee of a local unit shall contribute toward the  
22 cost of the employee's health care benefits coverage.  
23 Notwithstanding the provisions of any other law to the contrary, the  
24 amount payable through the withholding of the contribution from  
25 the pay, salary or other compensation, for health care benefits  
26 coverage of local unit employees employed on the effective date of  
27 P.L. , c. (C. ) (pending before the Legislature as this bill) shall  
28 be as follows:

29       (a) for single coverage, an employee who earns \$29,999 or less  
30 shall pay 6 percent during the first year thereafter, 8 percent during  
31 the second year thereafter, 10 percent during the third year  
32 thereafter, and 12 percent during the fourth year thereafter and each  
33 subsequent year thereafter;

34       an employee who earns \$30,000 or more but not more than  
35 \$49,999 shall pay 10 percent during the first year thereafter, 12  
36 percent during the second year thereafter, 14 percent during the  
37 third year thereafter, and 16 percent during the fourth year  
38 thereafter and each subsequent year thereafter;

39       an employee who earns \$50,000 or more but not more than  
40 \$74,999 shall pay 13 percent during the first year thereafter, 15  
41 percent during the second year thereafter, 17 percent during the  
42 third year thereafter, and 19 percent during the fourth year  
43 thereafter and each subsequent year thereafter;

44       an employee who earns \$75,000 or more but not more than  
45 \$99,999 shall pay 18 percent during the first year thereafter, 21  
46 percent during the second year thereafter, 24 percent during the  
47 third year thereafter, and 27 percent during the fourth year  
48 thereafter and each subsequent year thereafter; and

1 an employee who earns \$100,000 or more shall pay 21 percent  
2 during the first year thereafter, 24 percent during the second year  
3 thereafter, 27 percent during the third year thereafter, and 30  
4 percent during the fourth year thereafter and each subsequent year  
5 thereafter.

6 (b) for all other types of coverage, an employee who earns  
7 \$29,999 or less shall pay 2 percent of the cost of coverage during  
8 the first year after that effective date, 3 percent during the second  
9 year thereafter, 4 percent during the third year thereafter, 6 percent  
10 during the fourth year thereafter, 8 percent during the fifth year  
11 thereafter, 10 percent during the sixth year thereafter, and 12  
12 percent during the seventh year thereafter and each subsequent year  
13 thereafter;

14 an employee who earns \$30,000 or more but not more than  
15 \$49,999 shall pay 4 percent of the cost of coverage during the first  
16 year after that effective date, 6 percent during the second year  
17 thereafter, 8 percent during the third year thereafter, 10 percent  
18 during the fourth year thereafter, 12 percent during the fifth year  
19 thereafter, 14 percent during the sixth year thereafter, and 16  
20 percent during the seventh year thereafter and each subsequent year  
21 thereafter;

22 an employee who earns \$50,000 or more but not more than  
23 \$74,999 shall pay 7 percent of the cost of coverage during the first  
24 year after that effective date, 9 percent during the second year  
25 thereafter, 11 percent during the third year thereafter, 13 percent  
26 during the fourth year thereafter, 15 percent during the fifth year  
27 thereafter, 17 percent during the sixth year thereafter, and 19  
28 percent during the seventh year thereafter and each subsequent year  
29 thereafter;

30 an employee who earns \$75,000 or more but not more than  
31 \$99,999 shall pay 9 percent of the cost of coverage during the first  
32 year after that effective date, 12 percent during the second year  
33 thereafter, 15 percent during the third year thereafter, 18 percent  
34 during the fourth year thereafter, 21 percent during the fifth year  
35 thereafter, 24 percent during the sixth year thereafter, and 27  
36 percent during the seventh year thereafter and each subsequent year  
37 thereafter; and

38 an employee who earns \$100,000 or more shall pay 12 percent of  
39 the cost of coverage during the first year after that effective date, 15  
40 percent during the second year thereafter, 18 percent during the  
41 third year thereafter, 21 percent during the fourth year thereafter, 24  
42 percent during the fifth year thereafter, 27 percent during the sixth  
43 year thereafter, and 30 percent during the seventh year thereafter  
44 and each subsequent year thereafter.

45 (2) Notwithstanding the provisions of any other law to the  
46 contrary, the amount payable through the withholding of the  
47 contribution from the pay, salary or other compensation, for health  
48 care benefits coverage of employees of a local unit who become



1 employed after the effective date of P.L. , c. (C. ) (pending  
2 before the Legislature as this bill) shall be as follows:

3 an employee who earns \$29,999 or less shall pay 12 percent of  
4 the cost of coverage;

5 an employee who earns \$30,000 or more but not more than  
6 \$49,999 shall pay 16 percent of the cost of coverage;

7 an employee who earns \$50,000 or more but not more than  
8 \$74,999 shall pay 19 percent of the cost of coverage;

9 an employee who earns \$75,000 or more but not more than  
10 \$99,999 shall pay 27 percent of the cost of coverage; and

11 an employee who earns \$100,000 or more shall pay 30 percent of  
12 the cost of coverage.

13 (3) Notwithstanding the provisions of any other law to the  
14 contrary, employees of a local unit who retire from employment  
15 after the effective date of this act, P.L. , c. (C. ) (pending  
16 before the Legislature as this bill), excluding employees who have  
17 accrued 25 years of service credit in a State or locally administered  
18 retirement system prior to that effective date for whom the  
19 employer has obligated prior to that effective date to pay all or part  
20 of the premium or periodic charges for health benefits, shall pay  
21 through the withholding of the contribution from the amount of the  
22 retirement allowance for health care benefits coverage as follows:

23 (a) for single coverage, a retiree who receives \$29,999 or less  
24 shall pay 6 percent during the first year thereafter, 8 percent during  
25 the second year thereafter, 10 percent during the third year  
26 thereafter, and 12 percent during the fourth year thereafter and each  
27 subsequent year thereafter;

28 a retiree who receives \$30,000 or more but not more than  
29 \$49,999 shall pay 10 percent during the first year thereafter, 12  
30 percent during the second year thereafter, 14 percent during the  
31 third year thereafter, and 16 percent during the fourth year  
32 thereafter and each subsequent year thereafter;

33 a retiree who receives \$50,000 or more but not more than  
34 \$74,999 shall pay 13 percent during the first year thereafter, 15  
35 percent during the second year thereafter, 17 percent during the  
36 third year thereafter, and 19 percent during the fourth year  
37 thereafter and each subsequent year thereafter;

38 a retiree who receives \$75,000 or more but not more than  
39 \$99,999 shall pay 18 percent during the first year thereafter, 21  
40 percent during the second year thereafter, 24 percent during the  
41 third year thereafter, and 27 percent during the fourth year  
42 thereafter and each subsequent year thereafter; and

43 a retiree who receives \$100,000 or more shall pay 21 percent  
44 during the first year thereafter, 24 percent during the second year  
45 thereafter, 27 percent during the third year thereafter, and 30  
46 percent during the fourth year thereafter and each subsequent year  
47 thereafter.

1       **(b) for all other types of coverage, a retiree who receives**  
2 **\$29,999 or less shall pay 2 percent of the cost of coverage during**  
3 **the first year after that effective date, 3 percent during the second**  
4 **year thereafter, 4 percent during the third year thereafter, 6 percent**  
5 **during the fourth year thereafter, 8 percent during the fifth year**  
6 **thereafter, 10 percent during the sixth year thereafter, and 12**  
7 **percent during the seventh year thereafter and each subsequent year**  
8 **thereafter;**

9       **a retiree who receives \$30,000 or more but not more than**  
10 **\$49,999 shall pay 4 percent of the cost of coverage during the first**  
11 **year after that effective date, 6 percent during the second year**  
12 **thereafter, 8 percent during the third year thereafter, 10 percent**  
13 **during the fourth year thereafter, 12 percent during the fifth year**  
14 **thereafter, 14 percent during the sixth year thereafter, and 16**  
15 **percent during the seventh year thereafter and each subsequent year**  
16 **thereafter;**

17       **a retiree who receives \$50,000 or more but not more than**  
18 **\$74,999 shall pay 7 percent of the cost of coverage during the first**  
19 **year after that effective date, 9 percent during the second year**  
20 **thereafter, 11 percent during the third year thereafter, 13 percent**  
21 **during the fourth year thereafter, 15 percent during the fifth year**  
22 **thereafter, 17 percent during the sixth year thereafter, and 19**  
23 **percent during the seventh year thereafter and each subsequent year**  
24 **thereafter;**

25       **a retiree who receives \$75,000 or more but not more than**  
26 **\$99,999 shall pay 9 percent of the cost of coverage during the first**  
27 **year after that effective date, 12 percent during the second year**  
28 **thereafter, 15 percent during the third year thereafter, 18 percent**  
29 **during the fourth year thereafter, 21 percent during the fifth year**  
30 **thereafter, 24 percent during the sixth year thereafter, and 27**  
31 **percent during the seventh year thereafter and each subsequent year**  
32 **thereafter; and**

33       **a retiree who receives \$100,000 or more shall pay 12 percent of**  
34 **the cost of coverage during the first year after that effective date, 15**  
35 **percent during the second year thereafter, 18 percent during the**  
36 **third year thereafter, 21 percent during the fourth year thereafter, 24**  
37 **percent during the fifth year thereafter, 27 percent during the sixth**  
38 **year thereafter, and 30 percent during the seventh year thereafter**  
39 **and each subsequent year thereafter.**

40       **(4) Under no circumstance shall the amount payable by any**  
41 **retiree through the withholding of the contribution from the pay,**  
42 **salary or other compensation, for health care benefits coverage**  
43 **under this subsection be less than 1.5 percent of pay, salary or other**  
44 **compensation.**

45       **f. Every employer offering health care benefits coverage that**  
46 **includes a prescription drug program shall adopt policies and**  
47 **procedures to promote the use of generic drugs by employees and**  
48 **their dependents, and also shall enter into cooperative purchasing**

1 agreements with other local units or agencies thereof for the  
2 purchase of prescription drugs and pharmacy benefits management  
3 services.

4 g. Every employer offering health care benefits coverage shall  
5 require that its employees participate in annual personal health  
6 appraisals, and health and wellness plans. The employer shall  
7 create a premium incentive program to ensure that employees will  
8 receive financial incentives when they, and their dependents,  
9 maintain a healthy lifestyle.

10 h. Every employer offering health care benefits coverage to its  
11 employees shall create an Employee Benefits Quality, Cost and  
12 Delivery Committee in order to help develop the components of its  
13 health care benefits coverage to its employees.

14 The members of the committee shall include two members of the  
15 employer's governing body, the employer's chief financial officer,  
16 the employer's administrator, the employer's purchasing agent, and  
17 one member of each labor union and bargaining group representing  
18 employees of the employer. The committee shall work  
19 cooperatively in evaluating health care benefits vendors and options  
20 for employee health care benefits coverage. The committee shall  
21 design and develop the options for employee health care benefits  
22 coverage and shall select the vendors best able to provide that  
23 coverage at the lowest cost to the employer in accordance with  
24 contracting laws. The committee shall negotiate contracts for  
25 health care benefits coverage with the selected vendors on behalf of  
26 the employer and shall recommend those contracts to the governing  
27 body for approval in accordance with applicable contracting laws.  
28 The committee shall also devise strategies for continued safety,  
29 health and wellness of the employer's workforce.

30 i. Every employer offering health care benefits coverage to its  
31 employees shall annually validate the eligibility of each full-time  
32 employee's dependents covered under the employee's health care  
33 benefits coverage to ensure that only eligible dependents are  
34 enrolled for health care benefits coverage. The employer shall  
35 require that each employee covering dependents on the employee's  
36 health care benefits coverage shall annually provide to the employer  
37 any documentation requested by the employer that will allow the  
38 employer to verify the dependent's eligibility for dependent health  
39 care benefits coverage. Failure of an employee to provide the  
40 employer with the documentation required by this section when  
41 such documentation is requested by the employer shall result in the  
42 immediate cancellation of the employee's health care benefits  
43 coverage until such time as the documents are produced by the  
44 employee and provided to the employer.

45 j. For the purposes of this section:

46 "full-time employee" means an employee who meets the local  
47 unit's minimum hours required for full-time status by a resolution  
48 adopted by the local unit, provided that it is at least 25 hours per

1 week, or more if required by contract or resolution. Employment  
2 shall also be for 12 months per year; and

3 “local unit” means a county or municipality, and any agency,  
4 instrumentality, authority, fire district or other entity created by a  
5 county or municipality that is an employer of full-time employees.

6 (cf: P.L.1983, c.445, s.2)

7

8 9. This act shall take effect immediately, and shall not impair  
9 any collective bargaining agreement or a contract of employment in  
10 effect on the effective date of the act.

11

12

13

STATEMENT

14

15 This bill would establish certain criteria for all public employee  
16 health care benefits plans. The bill would also require premium-  
17 based employee contributions toward health care benefits.

18 For the State Health Benefits Program and the School  
19 Employees' Health Benefits Program, the bill would require that  
20 public employees receiving health care benefits coverage through  
21 employment with the State of New Jersey or with an employer  
22 participating in either program, and employed on, and after, the  
23 bill's effective date, must contribute toward their employer's cost of  
24 providing health care benefits coverage under the programs. The  
25 bill requires that the amount to be paid by each public employee  
26 through withholding from his or her pay, salary or other  
27 compensation will be calculated at a percentage of the premium for  
28 the level of coverage selected by the employee, as set forth in the  
29 bill.

30 The bill would specifically require that under no circumstance  
31 shall the amount payable by any employee through the withholding  
32 of the contribution from the pay, salary or other compensation, for  
33 health care benefits coverage under the bill be less than 1.5 percent  
34 of pay, salary or other compensation. This bill's provisions will  
35 also apply to independent State authorities and other such entities.

36 The same provisions regarding contributions to health care  
37 benefits coverage in the State Health Benefits Program or the  
38 School Employees' Health Benefits Program in retirement would  
39 apply to retirees of the State and of boards of education; however  
40 the contribution would be deducted from the retirement allowance  
41 rather than from pay, salary or other compensation. This  
42 requirement would exclude employees who have 25 or more years  
43 of service credit in a State- or locally-administered retirement  
44 system on the effective date of the bill and for whom the employer  
45 has obligated to pay, in full or in part, health care benefits in  
46 retirement prior to the effective date.

1 With respect to employees of the State and of employers  
2 participating in the State Health Benefits Program and the School  
3 Employees' Health Benefits Program, the bill would also:

4 require the programs to promote the use of generic drugs by  
5 employees and their dependents;

6 require the State and participating employers to require that  
7 employees participate in annual personal health appraisals, and  
8 health and wellness plans, as established by the commission, and  
9 also requires the creation of premium incentive programs to ensure  
10 that employees will receive financial incentives when they, and  
11 their dependents, maintain a healthy lifestyle;

12 require the commission to utilize the services of a pharmacy  
13 benefits manager for prescription drug coverage;

14 require the program to offer to employees of the State and  
15 participating employers a choice of at least five different plans or  
16 levels of coverage and out of pocket costs, each of which must  
17 include dependent coverage.

18 The provisions of the bill would apply to the School Employees'  
19 Health Benefits Program to the same extent as to the State Health  
20 Benefits Program.

21 Under the bill, on the bill's effective date and thereafter, no unit  
22 of local government or board of education shall be permitted to  
23 commence participation under the State Health Benefits Program  
24 and the School Employees' Health Benefits Program.

25 The bill also would establish *identical* health care benefits  
26 coverage criteria, and require *identical* contributions toward the  
27 employer's cost of providing health care benefits coverage, with  
28 respect to the full-time employees of local unit employers that are  
29 boards of education, counties, municipalities, and any agency,  
30 instrumentality, authority, fire district or other entity created by a  
31 county or municipality that do not participate in the State Health  
32 Benefits Program or the School Employees' Health Benefits  
33 Program. "Full-time employee" is defined as an employee who  
34 meets the local unit's minimum hours required for full-time status,  
35 provided that it is at least 25 hours per week, or more if required by  
36 contract or resolution. Employment must also be for 12 months per  
37 year except for employees whose usual work schedule is 10 months  
38 per year, which is the standard school year.

39 The same provisions regarding contributions to health care  
40 benefits coverage in retirement would apply to retirees of local  
41 units; however the contribution would be based on the amount of  
42 retirement allowance rather than pay, salary or other compensation.  
43 This requirement would exclude employees who have 25 or more  
44 years of service credit in a State- or locally-administered retirement  
45 system on the effective date of the bill and for whom the employer  
46 has obligated to pay, in full or in part, health care benefits in  
47 retirement prior to the effective date.

1       The bill also would require that each school board or local unit  
2 employer must create an Employee Benefits Quality, Cost and  
3 Delivery Committee in order to develop the components of its  
4 health care benefits coverage for its employees. The members of  
5 the committee would include local officials and union  
6 representatives, and is required to work cooperatively in evaluating  
7 health care benefits vendors and options for employee health care  
8 benefits coverage. The committee is required to design and develop  
9 the options for employee health care benefits coverage and to select  
10 the vendors best able to provide that coverage at the lowest cost to  
11 the employer, in accordance with applicable contracting laws. The  
12 committee must also negotiate contracts for health care benefits  
13 coverage with the selected vendors on behalf of the employer and  
14 recommend contracts for approval by the local unit, in accordance  
15 with applicable contracting laws. The committee must also devise  
16 strategies for continued safety, health and wellness of the  
17 employer's workforce.

18       In addition, every local unit employer offering health care  
19 benefits coverage to its employees must annually validate the  
20 eligibility of each full-time employee's dependents covered under  
21 the employee's health care benefits coverage to ensure that only  
22 eligible dependents are enrolled for health care benefits coverage.  
23 A similar provision applicable to State employees and employees of  
24 employers who participate in the State Health Benefits Program is  
25 set forth in current law at N.J.S.A.52:14-17.27a.

26       It is the intent of the sponsor that the provisions of this bill will  
27 help the State and local unit employers to control the cost of public  
28 employee health benefits, which are paid for by State and local  
29 taxpayers.