

# SENATE, No. 2606

## STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED JULY 1, 2018

**Sponsored by:**

**Senator JOSEPH P. CRYAN**

**District 20 (Union)**

**Senator PATRICK J. DIEGNAN, JR.**

**District 18 (Middlesex)**

**Co-Sponsored by:**

**Senators Turner, Rice, Weinberg, Sacco, Greenstein, Codey, Vitale and Gill**

**SYNOPSIS**

Revises health care levy adjustment for school districts; makes various changes for health care benefits for school employees; requires certain information in school budgets; imposes cap on contributions by all public employees for health care benefits.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 6/21/2019)**

1 AN ACT concerning health care benefits for school district  
2 employees and contributions toward health care benefits by all  
3 public employees, amending various parts of the statutory law,  
4 and supplementing P.L.1979, c.391 (C.18A:16-12 et seq.).  
5

6 **BE IT ENACTED** by the Senate and General Assembly of the State  
7 of New Jersey:  
8

9 1. Section 3 of P.L.2007, c.62 (C.18A:7F-38) is amended to  
10 read as follows:

11 3. a. Notwithstanding the provisions of any other law to the  
12 contrary, a school district shall not adopt a budget pursuant to  
13 sections 5 and 6 of P.L.1996, c.138 (C.18A:7F-5 and 18A:7F-6)  
14 with an increase in its adjusted tax levy that exceeds, except as  
15 provided in subsection e. of section 4 of P.L.2007, c.62 (C.18A:7F-  
16 39), the tax levy growth limitation calculated as follows: the sum of  
17 the prebudget year adjusted tax levy and the adjustment for  
18 increases in enrollment multiplied by 2.0 percent, and adjustments  
19 for an increase in health care costs, and increases in amounts for  
20 certain normal and accrued liability pension contributions set forth  
21 in sections 1 and 2 of P.L.2009, c.19 amending section 24 of  
22 P.L.1954, c.84 (C.43:15A-24) and section 15 of P.L.1944, c.255  
23 (C.43:16A-15) for the year set forth in those sections.

24 b. (1) The allowable adjustment for increases in enrollment  
25 authorized pursuant to subsection a. of this section shall equal the  
26 per pupil prebudget year adjusted tax levy multiplied by EP, where  
27 EP equals the sum of:

28 (a) 0.50 for each unit of weighted resident enrollment that  
29 constitutes an increase from the prebudget year over 1%, but not  
30 more than 2.5%;

31 (b) 0.75 for each unit of weighted resident enrollment that  
32 constitutes an increase from the prebudget year over 2.5%, but not  
33 more than 4%; and

34 (c) 1.00 for each unit of weighted resident enrollment that  
35 constitutes an increase from the prebudget year over 4%.

36 (2) A school district may request approval from the  
37 commissioner to calculate EP equal to 1.00 for any increase in  
38 weighted resident enrollment if it can demonstrate that the  
39 calculation pursuant to paragraph (1) of this subsection would result  
40 in an average class size that exceeds 10% above the facilities  
41 efficiency standards established pursuant to P.L.2000, c.72  
42 (C.18A:7G-1 et al.).

43 c. (Deleted by amendment, P.L.2010, c.44)

44 d. (1) The allowable adjustment for increases in health care  
45 costs authorized pursuant to subsection a. of this section shall equal

**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 that portion of the actual increase in total health care costs for the  
2 budget year, less any withdrawals from the current expense  
3 emergency reserve account for increases in total health care costs,  
4 that exceeds 2.0 percent of the total health care costs in the  
5 prebudget year **],** but that is not in excess of the product of the total  
6 health care costs in the prebudget year multiplied by the average  
7 percentage increase of the State Health Benefits Program, P.L.1961,  
8 c.49 (C.52:14-17.25 et seq.), as annually determined by the  
9 Division of Pensions and Benefits in the Department of the  
10 Treasury**].** Health care costs shall include medical, prescription,  
11 vision, and dental costs. Increases in health care costs shall include,  
12 but not be limited to, increases in costs due to any decreases in  
13 employee contributions for health care.

14 (2) The allowable adjustment for increases in the amount of  
15 normal and accrued liability pension contributions authorized  
16 pursuant to subsection a. of this section shall equal that portion of  
17 the actual increase in total normal and accrued liability pension  
18 contributions for the budget year that exceeds 2.0 percent of the  
19 total normal and accrued liability pension contributions in the  
20 prebudget year.

21 e. (Deleted by amendment, P.L.2010, c.44)

22 f. The adjusted tax levy shall be increased or decreased  
23 accordingly whenever the responsibility and associated cost of a  
24 school district activity is transferred to another school district or  
25 governmental entity.

26 (cf: P.L.2010, c.44, s.4)

27

28 2. Section 2 of P.L.1979, c.391 (C.18A:16-13) is amended to  
29 read as follows:

30 2. Any local board of education may directly or indirectly  
31 through a trust fund or otherwise enter into contracts of group life,  
32 accidental death and dismemberment, hospitalization, medical,  
33 surgical, major medical expense, minimum premium insurance  
34 policy or health and accident insurance with any insurance company  
35 or companies authorized to do business in this State, or may  
36 contract with a nonprofit hospital service, medical service or health  
37 service corporation with respect to the benefits which they are  
38 authorized to provide respectively. Such contract or contracts shall  
39 provide any one or more of such coverages for the employees of the  
40 local board of education and may include their dependents. A local  
41 board of education may enter into a contract or contracts to provide  
42 drug prescription and other health care benefits, or enter into a  
43 contract or contracts to provide drug prescription and other health  
44 care benefits as may be required to implement a duly executed  
45 collective negotiations agreement, or as may be required to  
46 implement a determination by a local board of education to provide  
47 such benefit or benefits to employees not included in collective  
48 negotiations units. Nothing herein contained shall be deemed to  
49 authorize coverage of dependents of an employee under a group life

1 insurance policy or to allow the issuance of a group life insurance  
2 policy under which the entire premium is to be derived from funds  
3 contributed by the insured employee.

4 For purposes of this section, "minimum premium insurance  
5 policy" means a group insurance policy issued by an insurer  
6 licensed to do business in this State under which the policyholder  
7 agrees to directly fund specified claims of insureds covered under  
8 the policy, in lieu of payment of a portion of the premium.

9 Beginning with contracts for health care benefits entered into  
10 after the effective date of P.L. \_\_\_\_\_, c. \_\_\_\_\_ (pending before the  
11 Legislature as this bill), a board of education that provides health  
12 care benefits coverage for its employees pursuant to this section  
13 shall provide to employees the option to select one of at least four  
14 levels of coverage each for individual, individual and other adult,  
15 individual and children, and family, or equivalent categories, for  
16 each plan offered by the board differentiated by out of pocket costs  
17 to employees including co-payments and deductibles.

18 The premiums for health care benefits coverage provided in  
19 accordance with this section, or through a joint insurance fund or  
20 any other means, shall be calculated in the manner that premiums  
21 are calculated for the School Employees' Health Benefits Program.

22 (cf: P.L.1995, c.74, s.4)

23

24 3. Section 32 of P.L.2007, c.103 (C.52:14-17.46.2) is amended  
25 to read as follows:

26 32. As used in the School Employees' Health Benefits Program  
27 Act, sections 31 through 41 of P.L.2007, c.103 (C.52:14-17.46.1  
28 through C.52:14-17.46.11):

29 a. The term "State" means the State of New Jersey.

30 b. The term "commission" means the School Employees'  
31 Health Benefits Commission, created by section 33 of P.L.2007,  
32 c.103 (C.52:14-17.46.3).

33 c. The term "employer" means local school district, regional  
34 school district, county vocational school district, county special  
35 services school district, jointure commission, educational services  
36 commission, State-operated school district, charter school, county  
37 college, any officer, board, or commission under the authority of  
38 the Commissioner of Education or of the State Board of Education,  
39 and any other public entity which is established pursuant to  
40 authority provided by Title 18A of the New Jersey Statutes, but  
41 excluding the State public institutions of higher education and  
42 excluding those public entities where the employer is the State of  
43 New Jersey.

44 d. (1) The term "employee" means a person employed in any  
45 full time capacity by an employer, and shall include persons defined  
46 as a school employee by the regulations of the State Health Benefits  
47 Commission in effect on the effective date of the School  
48 Employees' Health Benefits Program Act. "Full-time" shall have the  
49 same meaning as in the regulation of the State Health Benefits

1 Commission regarding local coverage in effect on the effective date  
2 of the School Employees' Health Benefits Program Act.

3 (2) After the effective date of P.L.2010, c.2, the term  
4 "employee" means (a) a person employed in any full-time capacity  
5 by an employer who appears on a regular payroll and receives a  
6 salary or wages for an average of the number of hours per week as  
7 prescribed by the governing body of the participating employer  
8 which number of hours worked shall be considered full-time,  
9 determined by resolution, and not less than 25, or after the effective  
10 date of P.L. , c. (pending before the Legislature as this bill) not  
11 less than 20, and shall include persons defined as a school employee  
12 by the regulations of the State Health Benefits Commission in effect  
13 on the effective date of the School Employees' Health Benefits  
14 Program Act, or (b) a person employed in any full-time capacity by  
15 an employer who has or is eligible for health benefits coverage  
16 provided under P.L.1961, c.49 (C.52:14-17.25 et seq.) or sections  
17 31 through 41 of P.L.2007, c.103 (C.52:14-17.46.1 et seq.) on that  
18 effective date and continuously thereafter provided the person is  
19 covered by the definition in paragraph (1) of this subsection. The  
20 term "employee" shall not include persons employed on a short-  
21 term, seasonal, intermittent, or emergency basis, persons  
22 compensated on a fee basis, persons having less than two months of  
23 continuous service or persons whose compensation is limited to  
24 reimbursement of necessary expenses actually incurred in the  
25 discharge of their official duties. An employee paid on a 10-month  
26 basis, pursuant to an annual contract, shall be deemed to have  
27 satisfied the two-month waiting period if the employee begins  
28 employment at the beginning of the contract year. The term  
29 "employee" shall also not include retired persons who are otherwise  
30 eligible for benefits under the School Employees' Health Benefits  
31 Program but who, although they meet the age or disability  
32 eligibility requirement of Medicare, are not covered by Medicare  
33 Hospital Insurance, also known as Medicare Part A, and Medicare  
34 Medical Insurance, also known as Medicare Part B. A determination  
35 by the commission that a person is an eligible employee for the  
36 purposes of the School Employees' Health Benefits Program shall  
37 be final and binding on all parties.

38 e. The term "dependents" means an employee's spouse,  
39 domestic partner, or partner in a civil union couple, and unmarried  
40 children under the age of **[23]** 26 years who live in a regular  
41 parent/child relationship. "Children" shall include stepchildren,  
42 legally adopted children and children placed by the Division of  
43 Youth and Family Services in the Department of Children and  
44 Families, provided they are reported for coverage and are wholly  
45 dependent upon the employee for support and maintenance. A  
46 spouse, domestic partner, partner in a civil union couple, or child  
47 enlisting or inducted into military service shall not be considered a  
48 dependent during the military service. The term "dependents" shall  
49 not include spouses, domestic partners, or partners in a civil union

1 couple, of retired persons who are otherwise eligible for the benefits  
2 under the School Employees' Health Benefits Program but who,  
3 although they meet the age or disability eligibility requirement of  
4 Medicare, are not covered by Medicare Hospital Insurance, also  
5 known as Medicare Part A, and Medicare Medical Insurance, also  
6 known as Medicare Part B.

7 f. The term "carrier" means a voluntary association,  
8 corporation or other organization, including but not limited to a  
9 health maintenance organization as defined in section 2 of the  
10 "Health Maintenance Organizations Act," P.L.1973, c.337 (C.26:2J-  
11 2), which is lawfully engaged in providing or paying for or  
12 reimbursing the cost of, personal health services, including  
13 hospitalization, medical and surgical services under insurance  
14 policies or contracts, membership or subscription contracts, or the  
15 like, in consideration of premiums or other periodic charges payable  
16 to the carrier.

17 g. The term "hospital" means:

18 (1) an institution operated pursuant to law which is primarily  
19 engaged in providing on its own premises, for compensation from  
20 its patients, medical diagnostic and major surgical facilities for the  
21 care and treatment of sick and injured persons on an inpatient basis,  
22 and which provides such facilities under the supervision of a staff  
23 of physicians and with 24 hour a day nursing service by registered  
24 graduate nurses, or

25 (2) an institution not meeting all of the requirements of  
26 paragraph (1) but which is accredited as a hospital by the Joint  
27 Commission on Accreditation of Hospitals. In no event shall the  
28 term "hospital" include a convalescent nursing home or any  
29 institution or part thereof which is used principally as a  
30 convalescent facility, residential center for the treatment and  
31 education of children with mental disorders, rest facility, nursing  
32 facility or facility for the aged or for the care of drug addicts or  
33 alcoholics.

34 h. The term "Medicare" means the program established by the  
35 "Health Insurance for the Aged Act," Title XVIII of the "Social  
36 Security Act," Pub.L.89-97 (42 U.S.C. s.1395 et seq.), as amended,  
37 or its successor plan or plans.

38 i. The term "managed care plan" means a health care plan  
39 under which comprehensive health care services and supplies are  
40 provided to eligible employees, retirees, and dependents: (1)  
41 through a group of doctors and other providers employed by the  
42 plan; or (2) through an individual practice association, preferred  
43 provider organization, or point of service plan under which services  
44 and supplies are furnished to plan participants through a network of  
45 doctors and other providers under contracts or agreements with the  
46 plan on a prepayment or reimbursement basis and which may  
47 provide for payment or reimbursement for services and supplies  
48 obtained outside the network. The plan may be provided on an  
49 insured basis through contracts with carriers or on a self-insured

1 basis, and may be operated and administered by the State or by  
2 carriers under contracts with the State.

3 j. The term "successor plan" means a managed care plan that  
4 shall replace the "traditional plan," as defined in section 2 of  
5 P.L.1961, c.49 (C.52:14-17.26), and that shall provide benefits as  
6 set forth in section 36 of P.L.2007, c.103 (C.52:14-17.46.6), and  
7 provide out-of-network benefits to participants with a payment by  
8 the plan of 80% of reasonable and customary charges as set forth in  
9 section 37 of P.L.2007, c.103 (C.52:14-17.46.7) and as may be  
10 adjusted in accordance with section 40 of P.L.2007, c.103 (C.52:14-  
11 17.46.10).

12 (cf: P.L.2010, c.2, s.10)

13

14 4. Section 36 of P.L.2007, c.103 (C.52:14-17.46.6) is amended  
15 to read as follows:

16 36. a. Notwithstanding the provisions of any other law to the  
17 contrary, the commission shall not enter into a contract under the  
18 School Employees' Health Benefits Program Act, sections 31  
19 through 41 of P.L.2007, c.103 (C.52:14-17.46.1 through C.52:14-  
20 17.46.11), for the benefits provided pursuant to the act, unless the  
21 level of benefits provided under the contract entered into is equal to  
22 or exceeds the level of benefits provided in this section, or as  
23 modified pursuant to section 40 of that act (C.52:14-17.46.10). Only  
24 benefits for medically necessary services that are not deemed  
25 experimental, investigative or otherwise not eligible medical  
26 services shall be provided. The determination that services are not  
27 "eligible medical services" shall be made by the commission  
28 consistent with the best interests of the State, participating  
29 employers and those persons covered hereunder. Benefits for  
30 services provided pursuant to the School Employees' Health  
31 Benefits Act shall be subject to limits or exclusions consistent with  
32 those that apply to benefits provided pursuant to the New Jersey  
33 State Health Benefits Program Act. The services provided pursuant  
34 to this section shall include all services, subject to applicable limits  
35 and exclusions, provided through the State Health Benefits Program  
36 as of July 1, 2007. The list of services in subsection b. of this  
37 section is not intended to be exclusive or to require that any limits  
38 or exclusions be exceeded.

39 b. The services covered hereunder by the School Employees'  
40 Health Benefits Program shall include:

41 (1) Physician services, including:

42 (a) Inpatient services, including:

43 (i) medical care including consultations;

44 (ii) surgical services and services related thereto; and

45 (iii) obstetrical services including normal delivery, cesarean  
46 section, and abortion.

47 (b) Outpatient/out-of-hospital services, including:

48 (i) office visits for covered services and care;

49 (ii) allergy testing and related diagnostic/therapy services;

- 1 (iii) dialysis center care;
- 2 (iv) maternity care;
- 3 (v) well child care;
- 4 (vi) child immunizations/lead screening;
- 5 (vii) routine adult physicals including pap, mammography, and
- 6 prostate examinations; and
- 7 (viii) annual routine obstetrical/gynecological exam.
- 8 (2) Hospital services, both inpatient and outpatient, including:
- 9 (a) room and board;
- 10 (b) intensive care and other required levels of care;
- 11 (c) semi-private room;
- 12 (d) therapy and diagnostic services;
- 13 (e) surgical services or facilities and treatment related thereto;
- 14 (f) nursing care;
- 15 (g) necessary supplies, medicines, and equipment for care; and
- 16 (h) maternity care and related services.
- 17 (3) Other facility and services, including:
- 18 (a) approved treatment centers for medical
- 19 emergency/accidental injury;
- 20 (b) approved surgical center;
- 21 (c) hospice;
- 22 (d) chemotherapy;
- 23 (e) diagnostic x-ray and lab tests;
- 24 (f) ambulance;
- 25 (g) durable medical equipment;
- 26 (h) prosthetic devices;
- 27 (i) foot orthotics;
- 28 (j) diabetic supplies and education; and
- 29 (k) oxygen and oxygen administration.
- 30 c. Benefits under the contract or contracts purchased as
- 31 authorized by the School Employees' Health Benefits Program Act
- 32 shall include those for the treatment of alcoholism where such
- 33 treatment is prescribed by a physician and shall also include
- 34 treatment while confined in or as an outpatient of a licensed
- 35 hospital or residential treatment program which meets minimum
- 36 standards of care equivalent to those prescribed by the Joint
- 37 Commission on Hospital Accreditation. No benefits shall be
- 38 provided beyond those stipulated in the contracts held by the School
- 39 Employees' Health Benefits Commission.
- 40 d. Benefits under the contract or contracts purchased as
- 41 authorized by the School Employees' Health Benefits Program Act
- 42 shall include those for mental health services subject to limits and
- 43 exclusions consistent with those that apply to benefits for such
- 44 services pursuant to the New Jersey State Health Benefits Program
- 45 Act. Coverage for biologically-based mental illness, as defined in
- 46 section 1 of P.L.1999, c.441 (C.52:14-17.29d), shall be provided in
- 47 accordance with section 2 of P.L.1999, c.441 (C.52:14-17.29e).
- 48 e. Coverage provided under the School Employees' Health
- 49 Benefits Program Act shall include coverage for all services for



1 which coverage is mandated in the State Health Benefits Program  
2 pursuant to P.L.1961, c.49 (C.52:14-17.25 et seq.).

3 f. (1) As used in this subsection:

4 (a) "brand name" means the proprietary or trade name assigned  
5 to a drug product by the manufacturer or distributor of the drug  
6 product.

7 (b) "carrier" means an insurance company, hospital, medical, or  
8 health service corporation, preferred provider organization, or  
9 health maintenance organization under agreement or contract with  
10 the commission to administer the School Employee Prescription  
11 Drug Plan.

12 (c) "School Employee Prescription Drug Plan" means the plan  
13 for providing payment for eligible prescription drug expenses of  
14 members of the School Employees' Health Benefits Program and  
15 their eligible dependents.

16 (d) "generic drug products" means prescription drug products  
17 and insulin approved and designated by the United States Food and  
18 Drug Administration as therapeutic equivalents for reference listed  
19 drug products. The term includes drug products listed in the New  
20 Jersey Generic Formulary by the Drug Utilization Review Council  
21 pursuant to P.L.1977, c.240 (C.24:6E-1 et al.).

22 (e) "mail-order pharmacy" means the mail order program  
23 available through the carrier.

24 (f) "preferred brands" means brand name prescription drug  
25 products and insulin determined by the carrier to be a more cost  
26 effective alternative for prescription drug products and insulin with  
27 comparable therapeutic efficacy within a therapeutic class, as  
28 defined or recognized in the United States Pharmacopeia or the  
29 American Hospital Formulary Service Drug Information, or by the  
30 American Society of Health Systems Pharmacists. A drug product  
31 for which there is no other therapeutically equivalent drug product  
32 shall be a preferred brand. Determinations of preferred brands by  
33 the carrier shall be subject to review and modification by the  
34 commission.

35 (g) "retail pharmacy" means a pharmacy, drug store or other  
36 retail establishment in this State at which prescription drugs are  
37 dispensed by a registered pharmacist under the laws of this State, or  
38 a pharmacy, drug store or other retail establishment in another state  
39 at which prescription drug products are dispensed by a registered  
40 pharmacist under the laws of that state if expenses for prescription  
41 drug products dispensed at the pharmacy, drug store, or other retail  
42 establishment are eligible for payment under the School Employee  
43 Prescription Drug Plan.

44 (h) "other brands" means prescription drug products which are  
45 not preferred brands or generic drug products. A new drug product  
46 approved by the United States Food and Drug Administration which  
47 is not a generic drug product shall be included in this category until  
48 the carrier makes a determination concerning inclusion of the drug  
49 product in the list of preferred brands.

1 (2) (a) Employers that participate in the School Employees'  
2 Health Benefits Program may offer to their employees and eligible  
3 dependents:

4 (i) enrollment in the School Employee Prescription Drug Plan,  
5 or

6 (ii) enrollment in another free-standing prescription drug plan,  
7 or

8 (iii) election of prescription drug coverage under their health care  
9 coverage through the School Employees' Health Benefits Program  
10 plan or as otherwise determined by the commission.

11 (b) A co-payment shall be required for each prescription drug  
12 expense if the employer chooses to participate in the School  
13 Employee Prescription Drug Plan. The initial amounts of the co-  
14 payments shall be the same as those in effect on July 1, 2007 for the  
15 employee prescription drug plan offered through the State Health  
16 Benefits Program.

17 (c) If the employer elects to offer a free-standing prescription  
18 drug plan, the employee's share of the cost for this prescription drug  
19 plan may be determined by means of a binding collective  
20 negotiations agreement, including any agreements in force at the  
21 time the employer commences participation in the School  
22 Employees' Health Benefits Program.

23 (d) If an employee declines the employer's offering of a free-  
24 standing prescription drug plan, no reimbursement for prescription  
25 drugs shall be provided under the health care coverage through the  
26 School Employees' Health Benefits Program plan in which the  
27 employee is enrolled.

28 (e) Prescription drug classifications that are not eligible for  
29 coverage under the employer's prescription drug plan shall also not  
30 be eligible for coverage under the health care coverage through the  
31 School Employees' Health Benefits Program plan except as  
32 federally or State mandated.

33 (f) If the employer elects to not offer a free-standing  
34 prescription drug plan, then the employer shall offer prescription  
35 drug coverage under the health care coverage through the School  
36 Employees' Health Benefits Program plan or as determined by the  
37 commission. Any plan that has in-network and out-of-network  
38 coverage shall cover prescription drugs at 90% in-network and at  
39 the out-of-network rate applicable to health care coverage in the  
40 plan. The out-of-pocket amounts paid towards prescription drugs  
41 shall be combined with out-of-pocket medical payments to reach all  
42 out-of-pocket maximums.

43 (g) Health care coverages through the School Employees' Health  
44 Benefits Program that only have in-network benefits shall include a  
45 prescription card with co-payment amounts the same as those in  
46 effect on July 1, 2007 for such coverages offered through the State  
47 Health Benefits Program.

48 (h) In the fifth year following the initial appointment of all of its  
49 members, the commission shall, as part of the fifth year audit and

1 review undertaken pursuant to section 40 of that act (C.52:14-  
2 17.46.10), review the prescription drug program established in this  
3 subsection and may make changes in the program pursuant to the  
4 terms of section 40 by majority vote of the full authorized  
5 membership of the commission.

6 g. Beginning January 1, 2012, the School Employees' Health  
7 Benefits Plan Design Committee shall provide to employees the  
8 option to select one of at least three levels of coverage each for  
9 family, individual, individual and spouse, and individual and  
10 dependent, or equivalent categories, for each plan offered by the  
11 program differentiated by out of pocket costs to employees  
12 including co-payments and deductibles. Beginning with contracts  
13 entered into after the effective date of P.L. , c. (pending  
14 before the Legislature as this bill), the School Employees' Health  
15 Benefits Plan Design Committee shall provide to employees the  
16 option to select one of at least four levels of coverage each for  
17 individual, individual and other adult, individual and children, and  
18 family, or equivalent categories, for each plan offered by the  
19 program differentiated by out of pocket costs to employees  
20 including co-payments and deductibles.

21 Notwithstanding any other provision of law to the contrary, the  
22 committee shall have the sole discretion to set the amounts for  
23 maximums, co-pays, deductibles, and other such participant costs  
24 for all plans in the program. The committee shall also provide for a  
25 high deductible health plan that conforms with Internal Revenue  
26 Code Section 223.

27 There shall be appropriated annually for each State fiscal year,  
28 through the annual appropriations act, such amounts as shall be  
29 necessary as funding by the State with regard to retirees who have  
30 enrolled in a high deductible health plan that conforms with Internal  
31 Revenue Code Section 223.

32 (cf: P.L.2011, c.78, s.48)

33

34 5. (New section) When an officer or employee of a local board  
35 of education is required to contribute toward the cost of health care  
36 benefits coverage provided by the board and the contribution is a  
37 percentage of the officer's or employee's annual salary, such as in  
38 section 6 of P.L.1979, c.391 (C.18A:16-17) or section 39 of  
39 P.L.2007, c.103 (C.52:14-17.46.9), or the annual salary is used as a  
40 means to identify a percentage or amount used to calculate the  
41 contribution, the annual salary shall be the amount upon which  
42 contributions to a State-administered retirement system are made by  
43 the officer or employee at the time that the health care benefits  
44 coverage is provided. The contribution of an officer or employee  
45 shall be toward the actual cost of the health care benefits coverage  
46 provided for the period during which the coverage is provided.

47 If an officer or employee receives a retroactive salary increase,  
48 the amount of that retroactive increase shall not be included in the

1 annual salary used to calculate the contribution or to identify the  
2 percentage or amount.

3 When an officer or employee is required to contribute toward the  
4 cost of health care benefits coverage provided by the board of  
5 education, the cost of coverage for dental or vision care, and any fee  
6 or commission paid to a broker, regardless of who paid that fee or  
7 commission, shall not be included in that cost for the purpose of the  
8 officer's or employee's contributions for that coverage.  
9 Contributions toward the cost of dental or vision care may be  
10 required separately.

11 An officer or employee of a local board of education shall not be  
12 required to contribute toward the cost of health care benefits  
13 coverage during any period that the officer or employee is not  
14 receiving compensation or health care benefits coverage, or both.

15 When a local board of education provides health care benefits  
16 coverage to its officers or employees, all plans provided and the  
17 rates for those plans shall cover the period of July 1 to June 30 of  
18 the following year, and the School Employees' Health Benefits  
19 Commission shall make such adjustments as shall be deemed  
20 necessary to comply with this paragraph.

21 A local board of education shall promptly refund to an officer or  
22 employee any contribution that the board deducts from the salary  
23 of, or otherwise receives from, the officer or employee if the  
24 deduction or payment does not comply with the provisions of this  
25 section.

26 An officer or employee of local board of education paid on a 10-  
27 month basis, pursuant to an annual contract, and whose service with  
28 the employer is terminated at the end of the contract year, having  
29 served during all of the months of the year as prescribed by the  
30 contract, shall be entitled to coverage comparable to that of an  
31 employee paid on a 12-month basis. Coverage for the employee  
32 and the dependents shall continue during the two months of the year  
33 in which the employee is not paid provided that proper payment is  
34 made for dependent coverage as may be required by the employer.

35 Coverage for the employee and dependents also shall continue  
36 during the two months following termination of service if the  
37 service is terminated, other than for cause, at any time during the  
38 school year after having served during all the months of the year  
39 prior to termination as prescribed by the contract, provided that  
40 proper payment in the same amount as the monthly payment made  
41 during employment is made for the coverage as may be required by  
42 the employer.

43 An employee paid on a 10-month basis, pursuant to annual  
44 contract, shall be deemed to have satisfied any waiting period if the  
45 employee begins employment at the beginning of the contract year.

46 This section shall apply when a contribution by the officer or  
47 employee of a local board of education is required by resolution of  
48 the board, contract of employment, collective negotiations  
49 agreement, or other means. This section shall apply when the

1 health care benefits coverage is provided pursuant to section 2 of  
2 P.L.1979, c.391 (C.18A:16-13), the School Employees' Health  
3 Benefits program, or through an insurance fund or joint insurance  
4 fund, or in any other manner.

5

6 6. Section 9 of P.L.1970, c. 231 (C.52:14-17.32c) is amended  
7 to read as follows:

8 9. For purposes of State and local employer coverage, an  
9 employee paid on a 10-month basis, pursuant to an annual contract,  
10 and who terminates his service with the employer at the end of the  
11 contract year, having served during all of the months of the year as  
12 prescribed by his contract, shall be entitled to coverage comparable  
13 to that of an employee paid on a 12-month basis. Coverage for  
14 these employees and their dependents will continue during the 2  
15 months of the year in which they are not paid provided that proper  
16 payment is made for dependent coverage as may be required by the  
17 State or participating employer.

18 Coverage for the employee and dependents also shall continue  
19 during the two months following termination of service if the  
20 service is terminated, other than for cause, at any time during the  
21 school year after having served during all the months of the year  
22 prior to termination as prescribed by the contract, provided that  
23 proper payment in the same amount as the monthly payment made  
24 during employment is made for the coverage as may be required by  
25 the employer.

26 (cf: P.L.1970, c. 231, s. 9)

27

28 7. (New section) a. As used in this section, "employer"  
29 means a local school district, regional school district, county  
30 vocational school district, county special services school district,  
31 jointure commission, educational services commission, school  
32 district under partial or full State intervention, charter school, any  
33 officer, board, or commission under the authority of the  
34 Commissioner of Education or the State Board of Education, and  
35 any other public entity which is established pursuant to authority  
36 provided by Title 18A of the New Jersey Statutes, but excluding  
37 State public institutions of higher education and those public  
38 entities where the employer is the State of New Jersey.

39 b. An employer covered by this section that deducts  
40 contributions for health care benefits under any law, regulation, or  
41 collective negotiations agreement shall specify in its budget and  
42 describe in the supporting documentation submitted to the  
43 commissioner pursuant to subsection c. of section 5 of P.L.1996,  
44 c.138 (C.18A:7F-5) the following information:

45 (1) the types and extent of health insurance coverage provided  
46 to its employees including, but not limited to, medical coverage,  
47 prescription coverage, dental coverage, vision coverage, and any  
48 other coverage provided;

1 (2) the total cost of premiums for each type of coverage  
2 provided;

3 (3) the total projected employee contributions for each type of  
4 coverage offered; and

5 (4) the total cost of coverage broken out by employer and  
6 employees.

7 c. Any audit performed or required of an employer's  
8 expenditures shall include the actual amounts of employee  
9 contributions collected for health care benefits. If there is a  
10 premium rebate, dividend, or rate reduction provided to the  
11 employer by an insurance carrier, the information shall be clearly  
12 delineated and included in the audit, and reported to the majority  
13 representative.

14 d. Notwithstanding the provisions of any law or regulation to  
15 the contrary, an employer including, but not limited to, an employer  
16 that participates in the School Employees' Health Benefits Program,  
17 shall clearly delineate in its budget and audit documents all fees  
18 paid to insurance brokers or agents.

19 e. An employer that deducts contributions for health care  
20 benefits from an employee's salary shall provide the employee with  
21 a written explanation of each type of coverage provided to the  
22 employee and to the employee's dependents. The explanation shall  
23 include the following information:

24 (1) the total premium cost for each coverage, listed separately;

25 (2) the total amount of salary deducted for each coverage, which  
26 shall be provided after July 1 and at any time thereafter if there is  
27 any change in the amount of the employee's health care benefits-  
28 related salary deduction; and

29 (3) the time period for which each coverage is provided.  
30

31 8. Section 6 of P.L.1979, c.391 (C.18A:16-17) is amended to  
32 read as follows:

33 6. a. Any local board of education entering into a contract  
34 pursuant to this act is authorized to pay part or all of the premiums  
35 or charges for such contracts and may appropriate out of its general  
36 funds any money necessary to pay such premiums or charges or  
37 portions thereof.

38 The contribution required of any employee toward the cost of  
39 such coverage may be deducted from the pay, salary or other  
40 compensation of such employee upon authorization in writing made  
41 to the local board of education.

42 The local board of education may reimburse an active employee  
43 for his premium charges under Part B of the Federal Medicare  
44 Program covering the employee alone.

45 Nothing herein shall be construed as compelling a local board of  
46 education to pay any portion of the premiums or charges  
47 attributable to such contracts.

48 b. Commencing on the effective date of P.L.2010, c.2 and upon  
49 the expiration of any applicable binding collective negotiations

1 agreement in force on that effective date, employees of a local  
2 board of education shall pay 1.5 percent of base salary, through the  
3 withholding of the contribution from the pay, salary or other  
4 compensation, for health care benefits coverage provided pursuant  
5 to P.L.1979, c.391 (C.18A:16-12 et seq.), notwithstanding any other  
6 amount that may be required additionally pursuant to subsection a.  
7 of this section for such coverage.

8 Commencing on the effective date of P.L. \_\_\_\_\_, c. \_\_\_\_\_ (pending  
9 before the Legislature as this bill) and upon the expiration of any  
10 applicable binding collective negotiations agreement in force on  
11 that effective date, employees of a local board of education shall  
12 pay no more than three percent of their base salary for individual  
13 coverage, four percent of their base salary for individual and adult  
14 or individual and children coverage, and five percent of their base  
15 salary for family coverage, through the withholding of the  
16 contribution from the pay, salary or other compensation, for health  
17 care benefits coverage provided pursuant to P.L.1979, c.391  
18 (C.18A:16-12 et seq.), as that contribution may be required by an  
19 applicable resolution, collective negotiations agreement, or other  
20 means. This paragraph shall apply notwithstanding the provisions  
21 of section 78 of P.L.2011, c.78 (C.18A:16-17.2) to the extent that it  
22 requires the inclusion of contribution levels in collective  
23 negotiations agreements after full implementation of the  
24 requirements of the law specified in that section 78, and  
25 notwithstanding the requirement of any other law or regulation to  
26 the contrary.

27 This subsection shall apply also when the health care benefits  
28 coverage is provided through an insurance fund or joint insurance  
29 fund or in any other manner.

30 (cf: P.L.2010, c.2, s.13)

31

32 9. Section 16 of P.L.2010, c.2 (C.18A:64A-13.1a) is amended  
33 to read as follows:

34 16. Commencing on the effective date of P.L.2010, c.2 and upon  
35 the expiration of any applicable binding collective negotiations  
36 agreement in force on that effective date, employees of a county  
37 college shall pay 1.5 percent of base salary, through the withholding  
38 of the contribution from the pay, salary or other compensation, for  
39 health care benefits coverage provided by the employer,  
40 notwithstanding any other amount that may be required additionally  
41 by the employer or through collective negotiations agreements for  
42 such coverage.

43 Commencing on the effective date of P.L. \_\_\_\_\_, c. \_\_\_\_\_ (pending  
44 before the Legislature as this bill) and upon the expiration of any  
45 applicable binding collective negotiations agreement in force on  
46 that effective date, employees of a county college shall pay no more  
47 than three percent of their base salary for individual coverage, four  
48 percent of their base salary for individual and adult or individual  
49 and children coverage and five percent of their base salary for

1 family coverage, through the withholding of the contribution from  
2 the pay, salary or other compensation, for health care benefits  
3 coverage provided by the employer, as that contribution may be  
4 required by an applicable resolution, collective negotiations  
5 agreement, or other means. This paragraph shall apply  
6 notwithstanding the provisions of section 79 of P.L.2011, c.78  
7 (C.40A:10-21.2) to the extent that it requires the inclusion of  
8 contribution levels in collective negotiations agreements after full  
9 implementation of the requirements of the law specified in that  
10 section 79, and notwithstanding the requirement of any other law or  
11 regulation to the contrary.

12 This section shall apply also when the health care benefits  
13 coverage is provided through an insurance fund or joint insurance  
14 fund or in any other manner.

15 (cf: P.L.2010, c.2, s.16)

16

17 10. N.J.S. 40A:10-21 is amended to read as follows:

18 40A:10-21. a. Any employer entering into a contract pursuant  
19 to this subarticle is hereby authorized to pay part or all of the  
20 premiums or charges for the contracts and may appropriate out of  
21 its general funds any money necessary to pay premiums or charges  
22 or portions thereof. The contribution required of any employee  
23 toward the cost of coverage may be deducted from the pay, salary  
24 or other compensation of the employee upon an authorization in  
25 writing made to the appropriate disbursing officer.

26 The employer may reimburse an active employee for his  
27 premium charges under Part B of the Federal Medicare Program  
28 covering the employee alone.

29 Nothing herein shall be construed as compelling an employer to  
30 pay any portion of the premiums or charges attributable to the  
31 contracts.

32 b. Commencing on the effective date of P.L.2010, c.2 and upon  
33 the expiration of any applicable binding collective negotiations  
34 agreement in force on that effective date, employees of an employer  
35 shall pay 1.5 percent of base salary, through the withholding of the  
36 contribution from the pay, salary or other compensation, for health  
37 care benefits coverage provided pursuant to N.J.S.40A:10-17,  
38 notwithstanding any other amount that may be required additionally  
39 pursuant to subsection a. of this section for such coverage. This  
40 subsection shall apply also when the health care benefits coverage  
41 is provided through an insurance fund or joint insurance fund or in  
42 any other manner.

43 Commencing on the effective date of P.L. \_\_\_\_\_, c. \_\_\_\_\_ (pending  
44 before the Legislature as this bill) and upon the expiration of any  
45 applicable binding collective negotiations agreement in force on  
46 that effective date, employees of an employer shall pay no more  
47 than three percent of their salary for individual coverage, four  
48 percent of their salary for individual and adult or individual and  
49 children coverage and five percent of their salary for family



1 coverage, through the withholding of the contribution from the pay,  
2 salary or other compensation, for health care benefits coverage  
3 provided pursuant to N.J.S. 40A:10-17, as that contribution may be  
4 required by an applicable resolution, ordinance, collective  
5 negotiations agreement, or other means. This paragraph shall apply  
6 notwithstanding the provisions of section 79 of P.L.2011, c.78  
7 (C.40A:10-21.2) to the extent that it requires the inclusion of  
8 contribution levels in collective negotiations agreements after full  
9 implementation of the requirements of the law specified in that  
10 section 79, and notwithstanding the requirement of any other law or  
11 regulation to the contrary.

12 This subsection shall apply to any agency, board, commission,  
13 authority, or instrumentality of a local unit.

14 (cf: P.L.2010, c.2, s.14)

15

16 11. Section 6 of P.L.1996, c.8 (C.52:14-17.28b) is amended to  
17 read as follows:

18 6. a. Notwithstanding the provisions of any other law to the  
19 contrary, the obligations of the State or an independent State  
20 authority, board, commission, corporation, agency, or organization  
21 to pay the premium or periodic charges for health benefits coverage  
22 provided under P.L.1961, c.49 (C.52:14-17.25 et seq.) may be  
23 determined by means of a binding collective negotiations  
24 agreement, including any agreements in force at the time of the  
25 adoption of P.L.1996, c.8. With respect to State employees for  
26 whom there is no majority representative for collective negotiations  
27 purposes, the commission may, in its sole discretion, modify the  
28 respective payment obligations set forth in P.L.1961, c.49 for the  
29 State and such employees in a manner consistent with the terms of  
30 any collective negotiations agreement binding on the State. With  
31 respect to employees of an independent State authority, board,  
32 commission, corporation, agency, or organization for whom there is  
33 no majority representative for collective negotiations purposes, the  
34 employer may, in its sole discretion, modify the respective payment  
35 obligations set forth in P.L.1961, c.49 for such employer and such  
36 employees in a manner consistent with the terms of any collective  
37 negotiations agreement binding on such employer. The provisions  
38 of this subsection shall also apply to employees deemed or  
39 considered to be employees of the State pursuant to subsection (c)  
40 of section 2 of P.L.1961, c.49 (C.52:14-17.26).

41 b. (1) Notwithstanding the provisions of any other law to the  
42 contrary, for each State employee who accrues 25 years of  
43 nonconcurrent service credit in one or more State or locally-  
44 administered retirement systems before July 1, 1997, excepting the  
45 employee who elects deferred retirement, the State, upon the  
46 employee's retirement, shall pay the full cost of the premium or  
47 periodic charges for the health benefits provided to a retired State  
48 employee and dependents covered under the State Health Benefits  
49 Program, but not including survivors, and shall also reimburse the

1 retired employee for premium charges under Part B of Medicare  
2 covering the retired employee and the employee's spouse.

3 (2) Notwithstanding the provisions of any other law to the  
4 contrary, and except as otherwise provided by section 8 of  
5 P.L.1961, c.49 (C.52:14-17.32) as amended by P.L.2005, c.341, and  
6 by subsection c. of this section, for each State employee who  
7 accrues 25 years of nonconcurrent service credit in one or more  
8 State or locally-administered retirement systems on or after July 1,  
9 1997, excepting the employee who elects deferred retirement, the  
10 State, upon the employee's retirement, shall pay the premium or  
11 periodic charges for the health benefits provided to a retired State  
12 employee and dependents covered under the State Health Benefits  
13 Program, but not including survivors, and shall reimburse the  
14 retired employee for premium charges under Part B of Medicare  
15 covering the retired employee and the employee's spouse: (a) in  
16 accordance with the provisions, if any, concerning health benefits  
17 coverage in retirement which are in the collective negotiations  
18 agreement applicable to the employee at the time of the employee's  
19 accrual of 25 years of nonconcurrent service credit in one or more  
20 State or locally-administered retirement systems, or (b) if the  
21 employee has no majority representative for collective negotiations  
22 purposes, in a manner consistent with the terms, if any, concerning  
23 health benefits coverage in retirement which are in any collective  
24 negotiations agreement deemed applicable by the State Health  
25 Benefits Commission to that employee at the time of the employee's  
26 accrual of 25 years of nonconcurrent service credit in one or more  
27 State or locally-administered retirement systems. The terms for the  
28 payment of premiums or periodic charges established pursuant to  
29 this paragraph for the traditional plan shall apply to the successor  
30 plan, and the terms for the payment of premiums or periodic  
31 charges established pursuant to this paragraph for the NJ PLUS plan  
32 shall apply to the State managed care plan required to be included  
33 in a contract entered into pursuant to subsection c. of section 4 of  
34 P.L.1961, c.49 (C.52:14-17.28).

35 c. (1) Effective July 1, 2007, but, with respect to employees  
36 to whom this subsection applies who are paid through the State  
37 centralized payroll, effective with the first pay period beginning  
38 after July 1, 2007, the cost of benefits provided pursuant to  
39 P.L.1961, c.49 (C.52:14-17.25 et seq.) shall be shared by employees  
40 through the withholding of a contribution in an amount as  
41 determined in accordance with paragraph (2) of this subsection.

42 (2) The amount of the contribution required pursuant to  
43 paragraph (1) of this subsection as to State employees and  
44 employees of an independent State authority, board, commission,  
45 corporation, agency, or organization for whom there is a majority  
46 representative for collective negotiations purposes shall be  
47 determined by means of a binding collective negotiations  
48 agreement. Commencing on the effective date of P.L.2010, c.2 and  
49 upon the expiration of any applicable binding collective

1 negotiations agreement in force on that effective date, the amount of  
2 the contribution required pursuant to paragraph (1) of this  
3 subsection by State employees and employees of an independent  
4 State authority, board, commission, corporation, agency, or  
5 organization for whom there is a majority representative for  
6 collective negotiations purposes shall be 1.5% of base salary,  
7 notwithstanding any other amount that may be required additionally  
8 pursuant to this paragraph by means of a binding collective  
9 negotiations agreement.

10 Commencing on the effective date of P.L. \_\_\_\_\_, c. \_\_\_\_\_ (pending  
11 before the Legislature as this bill) and upon the expiration of any  
12 applicable binding collective negotiations agreement in force on  
13 that effective date, the amount of the contribution required pursuant  
14 to paragraph (1) of this subsection by State employees and  
15 employees of an independent State authority, board, commission,  
16 corporation, agency, or organization for whom there is a majority  
17 representative for collective negotiations purposes shall be no more  
18 than three percent of their base salary for individual coverage, four  
19 percent of their base salary for individual and adult or individual  
20 and children coverage, and five percent of their base salary for  
21 family coverage. This paragraph shall apply notwithstanding the  
22 provisions of section 77 of P.L.2011, c.78 (C.52:14-17.28e) to the  
23 extent that it requires the inclusion of contribution levels in  
24 collective negotiations agreements after full implementation of the  
25 requirements of the law specified in that section 77, and  
26 notwithstanding the requirement of any other law or regulation to  
27 the contrary.

28 The amount of the contribution required pursuant to paragraph  
29 (1) of this subsection as to State employees for whom there is no  
30 majority representative for collective negotiations purposes shall be  
31 determined in a manner consistent with the terms, if any,  
32 concerning health benefits coverage which are in a collective  
33 negotiations agreement deemed applicable by the commission to the  
34 employee. The amount of the contribution required pursuant to  
35 paragraph (1) of this subsection as to employees of an independent  
36 State authority, board, commission, corporation, agency, or  
37 organization for whom there is no majority representative for  
38 collective negotiations purposes shall be determined in a manner  
39 consistent with the terms, if any, concerning health benefits  
40 coverage which are in a collective negotiations agreement deemed  
41 applicable by the employer to the employee. The amount of the  
42 contribution required pursuant to paragraph (1) of this subsection as  
43 to State employees or employees of an independent State authority,  
44 board, commission, corporation, agency, or organization for whom  
45 there is no majority representative for collective negotiations  
46 purposes shall be 1.5 percent of base salary, notwithstanding any  
47 other amount that may be required additionally pursuant to this  
48 paragraph by means of the application of the terms of a binding  
49 collective negotiations agreement.

1       Commencing on the effective date of P.L.       , c.        (pending  
2 before the Legislature as this bill) and upon the expiration of any  
3 applicable binding collective negotiations agreement in force on  
4 that effective date, the amount of the contribution required pursuant  
5 to paragraph (1) of this subsection as to State employees or  
6 employees of an independent State authority, board, commission,  
7 corporation, agency, or organization for whom there is no majority  
8 representative for collective negotiations purposes shall be no more  
9 than three percent of their base salary for individual coverage, four  
10 percent of their base salary for individual and adult or individual  
11 and children coverage, and five percent of their base salary for  
12 family coverage. This paragraph shall apply notwithstanding the  
13 provisions of section 77 of P.L.2011, c.78 (C.52:14-17.28e) to the  
14 extent that it requires the inclusion of contribution levels in  
15 collective negotiations agreements after full implementation of the  
16 requirements of the law specified in that section 77, and  
17 notwithstanding the requirement of any other law or regulation to  
18 the contrary.

19       (3) Except as provided in paragraph (5) of this subsection, the  
20 cost of benefits provided pursuant to P.L.1961, c.49 (C.52:14-17.25  
21 et seq.) shall be shared by retirees to whom this subsection applies  
22 through the withholding of a contribution in an amount as  
23 determined in accordance with paragraph (4) of this subsection.

24       (4) The amount of the contribution required pursuant to  
25 paragraph (3) of this subsection as to State employees and  
26 employees of an independent State authority, board, commission,  
27 corporation, agency, or organization for whom there is a majority  
28 representative for collective negotiations purposes who accrue 25  
29 years of nonconcurrent service credit in one or more State or  
30 locally-administered retirement systems on or after July 1, 2007,  
31 and who retire on or after July 1, 2007, excepting employees who  
32 elect deferred retirement, but including those who retire on a  
33 disability pension after July 1, 2007, shall be determined by means  
34 of a binding collective negotiations agreement applicable at the  
35 time of the employee's accrual of 25 years of nonconcurrent service  
36 credit in one or more State or locally-administered retirement  
37 systems. The amount of the contribution required pursuant to  
38 paragraph (3) of this subsection as to State employees or employees  
39 of an independent State authority, board, commission, corporation,  
40 agency, or organization for whom there is no majority  
41 representative for collective negotiations purposes who accrue 25  
42 years of nonconcurrent service credit in one or more State or  
43 locally-administered retirement systems on or after July 1, 2007,  
44 and who retire on or after July 1, 2007, excepting employees who  
45 elect deferred retirement, but including those who retire on a  
46 disability pension after July 1, 2007, shall be determined in a  
47 manner consistent with the terms, if any, concerning health benefits  
48 coverage in retirement which are in any collective negotiations  
49 agreement deemed applicable by the commission to that employee

1 at the time of the employee's accrual of 25 years of nonconcurrent  
2 service credit in one or more State or locally-administered  
3 retirement systems, except that for employees who accrue 25 years  
4 of nonconcurrent service credit in one or more State or locally-  
5 administered retirement systems in the period beginning July 1,  
6 2007, and ending June 30, 2011, the contribution shall be 1.5  
7 percent of the monthly retirement allowance, including any future  
8 cost-of-living adjustments, or, with respect to retirees for whom  
9 there is no majority representative and who are members of the  
10 alternate benefit program, an amount determined pursuant to a  
11 formula developed by the commission that shall be designed to  
12 result in a contribution that is comparable to the contribution that  
13 applies to retirees who are not members of the alternate benefit  
14 program.

15 (5) The contribution required pursuant to paragraph (3) of this  
16 subsection shall not take effect until the New Jersey Retirees'  
17 Wellness Program is open for enrollment and thereafter the  
18 contribution shall be waived for a retiree who participates in the  
19 New Jersey Retirees' Wellness Program. The Division of Pensions  
20 and Benefits shall issue a report on the New Jersey Retirees'  
21 Wellness Program. The report shall include, but need not be limited  
22 to, the claims experience with regard to retirees in the program, and  
23 the costs and savings realized. The report shall be issued at the end  
24 of the third year after the program's implementation or by  
25 December 30, 2010, whichever is earlier. The report shall be  
26 submitted to the Governor, the Legislature, and the State Treasurer.

27 (6) Any employee or retiree from whom withholding of a  
28 contribution is required pursuant to this subsection shall not be  
29 required to pay any percentage of the premiums or periodic charges  
30 for health care benefits provided under P.L.1961, c.49 (C.52:14-  
31 17.25 et seq.), other than dental benefits.

32 (7) The contribution required pursuant to this subsection may be  
33 terminated only upon withdrawal from all health care benefits  
34 coverage as an employee or retiree, other than coverage for dental  
35 benefits, and the submission to the commission of written  
36 certification by the employee that the employee is covered by other  
37 health care benefits and that those benefits are in force. The  
38 commission shall not apply the written certification requirement to  
39 retirees or to employees to whom Article VI, Section VI, paragraph  
40 6 of the New Jersey Constitution applies.

41 d. The amount of contribution required pursuant to paragraph  
42 (3) of subsection c. of this section in retirement as to a State  
43 employee and employee of an independent State authority, board,  
44 commission, corporation, agency, or organization who becomes a  
45 member of a State or locally-administered retirement system on or  
46 after the effective date of P.L.2010, c.2, for whom there is a  
47 majority representative for collective negotiations purposes and for  
48 whom there is no such representative, shall be 1.5 percent of the  
49 retiree's monthly retirement allowance, including any future cost-of-

1 living adjustments, or with respect to members of the alternate  
2 benefit program, an amount determined pursuant to the formula  
3 specified in paragraph (4) of subsection c. of this section,  
4 notwithstanding any other amount that may be required additionally  
5 pursuant to paragraph (4) of subsection c. of this section by means  
6 of a binding collective negotiations agreement or by means of the  
7 application of the terms of such an agreement. The contribution  
8 required by this subsection or pursuant to paragraph (4) of  
9 subsection c. of this section for officers or employees specified in  
10 this subsection shall not be waived for a retiree who participates in  
11 the New Jersey Retirees' Wellness Program.

12 (cf: P.L.2010, c.2, s.1)

13

14 12. Section 7 of P.L.1964, c.125 (C.52:14-17.38) is amended to  
15 read as follows:

16 7. a. The Division of Pensions and Benefits shall certify to the  
17 certifying agent of each employer electing participation under the  
18 program the premium rates and periodic charges applicable to the  
19 coverage provided for employees and dependents. The  
20 participating employer shall remit to the division all contributions  
21 to premiums and periodic charges in advance of their due dates,  
22 subject to the rules and regulations of the commission.

23 Notwithstanding the provisions of any other law to the contrary,  
24 the obligations of a participating employer other than the State to  
25 pay the premium or periodic charges for health benefits coverage  
26 provided under P.L.1961, c.49 (C.52:14-17.25 et seq.) may be  
27 determined by means of a binding collective negotiations  
28 agreement. With respect to employees for whom there is no  
29 majority representative for collective negotiations purposes, the  
30 employer may, in its sole discretion, modify the respective payment  
31 obligations set forth in law for the employer and such employees in  
32 a manner consistent with the terms of any collective negotiations  
33 agreement binding on the employer. Commencing on the effective  
34 date of P.L.2010, c.2 and upon the expiration of any applicable  
35 binding collective negotiations agreement in force on that effective  
36 date, employees of an employer other than the State shall pay 1.5  
37 percent of base salary, through the withholding of the contribution,  
38 for health benefits coverage provided under P.L.1961, c.49  
39 (C.52:14-17.25 et seq.), notwithstanding any other amount that may  
40 be required additionally pursuant to this paragraph by means of a  
41 binding collective negotiations agreement or the modification of  
42 payment obligations.

43 Commencing on the effective date of P.L. \_\_\_\_\_, c. \_\_\_\_\_ (pending  
44 before the Legislature as this bill) and upon the expiration of any  
45 applicable binding collective negotiations agreement in force on  
46 that effective date, employees of an employer other than the State  
47 shall pay no more than three percent of their base salary for  
48 individual coverage, four percent of their base salary for individual  
49 and adult or individual and children coverage, and five percent of

1 their base salary for family coverage, through the withholding of  
2 the contribution from the pay, salary or other compensation, for  
3 health care benefits coverage provided pursuant to P.L.1961, c.49  
4 (C.52:14-17.25 et seq.), as that contribution may be required by an  
5 applicable resolution, ordinance, collective negotiations agreement,  
6 or other means. This paragraph shall apply notwithstanding the  
7 provisions of section 77 of P.L.2011, c.78 (C.52:14-17.28e) to the  
8 extent that it requires the inclusion of contribution levels in  
9 collective negotiations agreements after full implementation of the  
10 requirements of the law specified in that section 77, and  
11 notwithstanding the requirement of any other law or regulation to  
12 the contrary.

13 b. (1) From funds allocated therefor, the employer other than  
14 the State, upon the adoption and submission to the division of an  
15 appropriate resolution prescribed by the commission, may pay the  
16 premium or periodic charges for the benefits provided to a retired  
17 employee and the employee's dependents covered under the  
18 program, if the employee retired from a State or locally-  
19 administered retirement system, excepting the employee who  
20 elected deferred retirement, and may also reimburse the retired  
21 employee for the employee's premium charges under Part B of  
22 Medicare covering the retired employee and the employee's spouse  
23 if the employee:

24 (a) retired on a disability pension; or

25 (b) retired after 25 or more years of nonconcurrent service credit  
26 in one or more State or locally-administered retirement systems,  
27 excluding service credited under the Defined Contribution  
28 Retirement Program established pursuant to P.L.2007, c.92  
29 (C.43:15C-1 et al.), and a period of service of up to 25 years with  
30 the employer at the time of retirement, such period of service to be  
31 determined by the employer and set forth in an ordinance or  
32 resolution as appropriate; or

33 (c) retired and reached the age of 65 years or older with 25  
34 years or more of nonconcurrent service credit in one or more State  
35 or locally-administered retirement systems, excluding service  
36 credited under the Defined Contribution Retirement Program, and a  
37 period of service of up to 25 years with the employer at the time of  
38 retirement, such period of service to be determined by the employer  
39 and set forth in an ordinance or resolution as appropriate; or

40 (d) retired and reached the age of 62 years or older with at least  
41 15 years of service with the employer, excluding service credited  
42 under the Defined Contribution Retirement Program.

43 "Retired employee and the employee's dependents" may, upon  
44 adoption of an appropriate resolution therefor by the participating  
45 employer, also include otherwise eligible employees, and their  
46 dependents, who retired from one or more State or locally-  
47 administered retirement systems prior to the date that the employer  
48 became a participating employer in the New Jersey State Health  
49 Benefits Program or who did not elect to continue coverage in the

1 program during such time after the employer became a participating  
2 employer that the employer did not pay premium or periodic  
3 charges for benefits to retired employees and their dependents  
4 pursuant to this section. Eligibility and enrollment of such  
5 employees and dependents shall be in accordance with such rules  
6 and regulations as may be adopted by the State Health Benefits  
7 Commission.

8 The employer other than the State may, by resolution, pay the  
9 premium or periodic charges for the benefits provided to the  
10 surviving spouse of a retired employee and the employee's  
11 dependents covered under the program as provided in this section.

12 (2) Notwithstanding the provisions of any other law to the  
13 contrary, the obligations of an employer other than the State, except  
14 an independent State authority, board, commission, corporation,  
15 agency, or organization deemed to be covered by section 6 of  
16 P.L.1996, c.8 (C.52:14-17.28b) and except school boards whose  
17 employees are covered by section 3 of P.L.1987, c.384 (C.52:14-  
18 17.32f), section 2 of P.L.1992, c.126 (C.52:14-17.32f1) and section  
19 1 of P.L.1995, c.357 (C.52:14-17.32f2), to pay the premium or  
20 periodic charges for health benefits coverage under the provisions  
21 of paragraph (1) may be determined by means of a binding  
22 collective negotiations agreement, including any agreement in force  
23 at the time of the adoption of this act, P.L.1999, c.48. With respect  
24 to employees for whom there is no majority representative for  
25 collective negotiations purposes, the employer may, in its sole  
26 discretion, determine the payment obligations for the employer and  
27 the employees, except that if there are collective negotiations  
28 agreements binding upon the employer for employees who are  
29 within the same community of interest as employees in a collective  
30 negotiations unit but are excluded from participation in the unit by  
31 the "New Jersey Employer-Employee Relations Act," P.L.1941,  
32 c.100 (C.34:13A-1 et seq.), the payment obligations shall be  
33 determined in a manner consistent with the terms of any collective  
34 negotiations agreement applicable to the collective negotiations  
35 unit. An employee who becomes a member of a State or locally-  
36 administered retirement system on or after the effective date of  
37 P.L.2010, c.2 shall pay in retirement 1.5 percent of the retiree's  
38 monthly retirement allowance, including any future cost-of-living  
39 adjustments, through the withholding of the contribution, for health  
40 benefits coverage provided under P.L.1961, c.49 (C.52:14-17.25 et  
41 seq.), notwithstanding any other amount that may be required  
42 additionally pursuant to this paragraph by means of a binding  
43 collective negotiations agreement or the determination of payment  
44 obligations.

45 c. Notwithstanding the provisions of any other law to the  
46 contrary, the payment obligations of an employee of an employer  
47 other than the State, except an independent State authority, board,  
48 commission, corporation, agency, or organization, for health  
49 benefits coverage under subsection b. shall be the payment



1 obligations applicable to the employee on the date the employee  
2 retires on a disability pension or the date the employee meets the  
3 service credit and service requirements for the employer payment  
4 for the coverage, as the case may be.

5 (cf: P.L.2010, c.2, s.5)

6  
7 13. Section 39 of P.L.2007, c.103 (C.52:14-17.46.9) is amended  
8 to read as follows:

9 39. a. For each active covered employee and for the eligible  
10 dependents the employee may have enrolled at the employee's  
11 option, from funds appropriated therefor, the employer shall pay to  
12 the commission the premium or periodic charges for the benefits  
13 provided under the contract in amounts equal to the premium or  
14 periodic charges for the benefits provided under such a contract  
15 covering the employee and the employee's enrolled dependents.

16 b. The obligations of any employer to pay the premium or  
17 periodic charges for health benefits coverage provided under the  
18 School Employees' Health Benefits Program Act, sections 31  
19 through 41 of P.L.2007, c.103 (C.52:14-17.46.1 through C.52:14-  
20 17.46.11), may be determined by means of a binding collective  
21 negotiations agreement, including any agreement in force at the  
22 time the employer commences participation in the School  
23 Employees' Health Benefits Program. With respect to employees for  
24 whom there is no majority representative for collective negotiations  
25 purposes, the employer may, in its sole discretion, modify the  
26 respective payment obligations set forth in law for the employer and  
27 such employees in a manner consistent with the terms of any  
28 collective negotiations agreement binding on the employer.

29 Commencing on the effective date of P.L.2010, c.2 and upon the  
30 expiration of any applicable binding collective negotiations  
31 agreement in force on that effective date, employees shall pay 1.5  
32 percent of base salary, through the withholding of the contribution,  
33 for health benefits coverage provided under P.L.2007, c.103  
34 (C.52:14-17.46.1 et seq.), notwithstanding any other amount that  
35 may be required additionally pursuant to this subsection by means  
36 of a binding collective negotiations agreement or the modification  
37 of payment obligations.

38 Commencing on the effective date of P.L. \_\_\_\_\_, c. \_\_\_\_\_ (pending  
39 before the Legislature as this bill) and upon the expiration of any  
40 applicable binding collective negotiations agreement in force on  
41 that effective date, employees shall pay no more than three percent  
42 of their base salary for individual coverage four percent of their  
43 base salary for individual and adult or individual and children  
44 coverage, and five percent of their base salary for family coverage,  
45 through the withholding of the contribution from the pay, salary or  
46 other compensation, for health care benefits coverage provided  
47 pursuant to P.L.2007, c.103 (C.52:14-17.46.1 et seq.), as that  
48 contribution may be required by an applicable resolution, collective  
49 negotiations agreement, or other means. This paragraph shall apply

1 notwithstanding the provisions of section 77 of P.L.2011, c.78  
2 (C.52:14-17.28e) to the extent that it requires the inclusion of  
3 contribution levels in collective negotiations agreements after full  
4 implementation of the requirements of the law specified in that  
5 section 77, and notwithstanding the requirement of any other law or  
6 regulation to the contrary.

7 c. There is hereby established a School Employee Health  
8 Benefits Program fund consisting of all contributions to premiums  
9 and periodic charges remitted to the State treasury by participating  
10 employers for employee coverage. All such contributions shall be  
11 deposited in the fund and the fund shall be used to pay the portion  
12 of the premium and periodic charges attributable to employee and  
13 dependent coverage.

14 d. Notwithstanding any law to the contrary and except as  
15 provided by amendment by P.L.2010, c.2, and by P.L.2011, c.78,  
16 the payment in full of premium or periodic charges for eligible  
17 retirees and their dependents pursuant to section 3 of P.L.1987,  
18 c.384 (C.52:14-17.32f), section 2 of P.L.1992, c.126 (C.52:14-  
19 17.32f1), or section 1 of P.L.1995, c.357 (C.52:14-17.32f2) shall be  
20 continued without alteration or interruption and there shall be no  
21 premium sharing or periodic charges for certain school employees  
22 in retirement once they have met the criteria for vesting for pension  
23 benefits, which criteria for purposes of this subsection only shall  
24 mean the criteria for vesting in the Teachers' Pension and Annuity  
25 Fund. For purposes of this subsection, "premium sharing or periodic  
26 charges" shall mean payments by eligible retirees based upon a  
27 proportion of the premiums for health care benefits.

28 (cf: P.L.2011, c.78, s.54)

29  
30 14. This act shall take effect on the first day of the fourth month  
31 following enactment.

#### 32 33 34 STATEMENT

35  
36 This bill makes various changes to provisions of law, and  
37 imposes various new conditions, regarding the health care benefits  
38 coverage provided by local boards of education for their employees.  
39 The bill also imposes a cap on the amount of contributions for  
40 health care benefits coverage that may be required of any public  
41 employee, not just school district employees.

42 This bill requires all local boards of education to offer to their  
43 employees the option to select one of at least four levels of  
44 coverage each for individual, individual and other adult, individual  
45 and children, and family, or equivalent categories, for each plan  
46 offered, differentiated by out of pocket costs to employees  
47 including co-payments and deductibles. The bill requires that school  
48 districts providing health care benefits coverage to their employees  
49 calculate the premiums for that coverage in the same manner as

1 premiums are calculated for the School Employees' Health Benefits  
2 Program. Also, the bill requires that coverage for the employees of  
3 school districts and their dependents continue during the two  
4 months following termination of service if the service is terminated,  
5 other than for cause, at any time during the school year, provided  
6 that the employee makes a monthly payment in the same amount as  
7 the monthly payment made during employment.

8 The bill revises the definition of employee for participation in  
9 the School Employees' Health Benefits Program (SEHBP) to allow  
10 a board of education to include employees who work at least 20  
11 hours per week. The law currently requires at least 25 hours of  
12 work per week, which was raised from 20 hours per week in 2010.  
13 The current definition of dependent for SEHBP purposes is revised  
14 to include children under the age of 23 years who live in a regular  
15 parent/child relationship to such children under the age 26 years.

16 The bill:

17 provides that an employee's contribution toward the cost of  
18 health care benefits coverage is to be determined by using the  
19 annual salary upon which contributions to a State-administered  
20 retirement system are made;

21 prohibits the use of a retroactive salary increase to calculate the  
22 employee's contribution;

23 prohibits the inclusion of the cost of dental or vision care, or any  
24 broker fee or commission, in the cost of the health care benefits  
25 coverage for which an employee is to make contributions, although  
26 contributions for dental and vision care may be required separately;

27 prohibits the collection of a contribution from an employee when  
28 the employee is not receiving a salary or coverage;

29 requires that health care benefit plans and the rates for those  
30 plans cover a period of July 1 through June 30 of the following  
31 year; and

32 requires that an employee under a 10-month contract receive  
33 health care benefits coverage for 12 months.

34 These provisions will apply when contributions by employees  
35 toward health care benefits coverage are required by resolution of  
36 the board of education, contract of employment, collective  
37 negotiations agreement, or other means, and when such coverage is  
38 provided pursuant to law, through the School Employees' Health  
39 Benefits Program, or through an insurance fund or joint insurance  
40 fund, or in any other manner.

41 The bill also revises the health care cost adjustment available to  
42 a school district under its tax levy growth limitation. The  
43 adjustment will no longer be limited by the average percentage  
44 increase under the State Health Benefits Program; and health care  
45 costs under the adjustment will include medical, prescription,  
46 vision, and dental costs, and any increases in costs due to decreases  
47 in employee contributions for health care.

48 The bill requires that a school district that deducts contributions  
49 for health care benefits specify in its budget and supporting

1 documents: the types and extent of health insurance coverage  
2 provided to its employees; the total cost of premiums of each type  
3 of coverage provided; the total projected employee contributions for  
4 each type of coverage offered; and, the total cost of coverage  
5 broken out by employer and employee. The school district must  
6 also clearly delineate in its budget and audit documents all fees paid  
7 to insurance brokers or agents.

8 A school district that deducts contributions for health care  
9 benefits must provide its employees with a written explanation of  
10 each type of coverage provided. The explanation will include  
11 information on the types and extent of the coverage provided; the  
12 total amount of salary deducted for each coverage; and the time  
13 period for which each coverage is provided.

14 Finally, the bill imposes a cap on contributions for health care  
15 benefits coverage that may be required of any public employee, not  
16 just school district employees, at three percent of base salary for  
17 individual coverage, four percent of base salary for individual and  
18 adult or individual and children coverage, and five percent of base  
19 salary for family coverage. This provision would override the  
20 provision of P.L.2011, c.78 that required the c.78 “contribution  
21 levels shall become part of collective negotiations and shall then be  
22 subject to collective negotiations in a manner similar to other  
23 negotiable items between the parties.”