ASSEMBLY, No. 20

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED JUNE 25, 2020

Sponsored by:
Assemblyman CRAIG J. COUGHLIN
District 19 (Middlesex)
Assemblywoman NANCY J. PINKIN
District 18 (Middlesex)
Assemblyman RONALD S. DANCER
District 12 (Burlington, Middlesex, Monmouth and Ocean)
Assemblywoman VERLINA REYNOLDS-JACKSON
District 15 (Hunterdon and Mercer)
Assemblywoman MILA M. JASEY
District 27 (Essex and Morris)
Assemblywoman BETTYLOU DECROCE
District 26 (Essex, Morris and Passaic)

SYNOPSIS

Requires SEHBP and eligible employers that do not participate in the SEHBP to provide certain plans for public education employees and certain public education retirees.

CURRENT VERSION OF TEXT

As introduced.

AN ACT concerning the health care benefits plans provided by the School Employees' Health Benefits Program and eligible employers that do not participate in the program, and supplementing P.L.2007, c.103 (C.52:14-17.46.1 et seq.) and P.L.1979, c.391 (C.18A:16-12 et seq.).

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

1. This section shall apply to the School Employees' Health Benefits Program (SEHBP) and to those employers defined pursuant to section 32 of P.L.2007, c.103 (C.52:14-17.46.2) that participate in the program.

a. Notwithstanding the provisions of any other law, rule, or regulation to the contrary, each plan year for the School Employees' Health Benefits Program shall commence on each July 1 and end on June 30 of the following year, commencing on July 1, 2020 and on each July 1 thereafter.

b. (1) Notwithstanding the provisions of any other law, rule, or regulation to the contrary, beginning with the plan year that commences July 1, 2020 and for each plan year thereafter, the School Employees' Health Benefits Program shall offer only three plans that provide medical and prescription drug benefits for employees, and retirees who are not Medicare-eligible, and their dependents if any. All other plans offered prior to July 1, 2020 for employees, and retirees who are not Medicare-eligible, and their dependents if any, shall be terminated.

The three plans shall be the New Jersey Educators Health Plan as developed by the School Employees' Health Benefits Plan Design Committee in accordance with subsection g. of this section; the SEHBP NJ Direct 10 plan as adopted and implemented by the School Employees' Health Benefits Commission for the plan year that began January 1, 2020; and the SEHBP NJ Direct 15 plan as adopted and implemented by the School Employees' Health Benefits Commission for the plan year that began January 1, 2020.

(2) Only the plans set forth in this section shall be offered by the program regardless of any collective negotiations agreement between a participating employer and its employees in effect on the effective date of this act, P.L. , c. (pending before the Legislature as this bill), that provides for enrollment in other plans that were offered by the program prior to July 1, 2020.

(3) The School Employees' Health Benefits Commission may delay the date of implementation of plan offerings, plan terminations, and enrollments as set forth in this section until a date after July 1, 2020, but not later than August 1, 2020, if the commission deems the delay to be necessary. The commission may delay implementation until a date, as soon as possible, after July 1, 2020 by which date the commission determines that implementation will be practicable. The

commission shall state in writing the reasons for the delay. Under no circumstances shall implementation occur later than August 1, 2020.

c. Prior to July 1, 2020, the program, through the Division of Pensions and Benefits in the Department of the Treasury, shall provide for a special enrollment period during which all employees shall be required to select affirmatively one of the three plans specified in subsection b. of this section. If an employee fails to select affirmatively a plan during this special enrollment period, the program shall enroll the employee, and the employee's dependents if any, in the New Jersey Educators Health Plan for the plan year beginning July 1, 2020 and ending June 30, 2021.

During the special enrollment period, any person who is enrolled in a plan offered by the program and who is paying the full cost of health care benefits coverage shall also be required to select affirmatively one of the three plans specified in subsection b. of this section. If a person fails to select affirmatively a plan during this special enrollment period, the program shall enroll the person, and the person's dependents if any, in the New Jersey Educators Health Plan for the plan year beginning July 1, 2020 and ending June 30, 2021. Any such person shall continue to pay the full cost of coverage and shall not be subject to the contribution schedule or any mandatory enrollment period as set forth in this section and section 2 of this act.

d. (1) An employee commencing employment on or after July 1, 2020 but before July 1, 2027 who does not waive coverage shall be enrolled by the program, with the employee's dependents if any, in the New Jersey Educators Health Plan. The employee shall remain enrolled in that plan for each plan year through the plan year that ends June 30, 2027. For the plan year beginning July 1, 2027, the employee may select, during any open enrollment period or at such other times or under such conditions as the program may provide, any plan offered by the program.

(2) For the plan year beginning July 1, 2020, the program shall enroll a retiree who is not Medicare-eligible, and the retiree's dependents if any, in the New Jersey Educators Health Plan for health care benefits coverage as a retiree, if the retiree does not waive coverage. The retiree shall remain enrolled in that plan for each plan year through the plan year that ends June 30, 2027 or until the retiree becomes eligible for Medicare, whichever comes first. The retiree who becomes eligible for Medicare shall no longer be eligible for enrollment in the New Jersey Educators Health Plan. For the plan year beginning July 1, 2027, that retiree who is not Medicare-eligible may select, during any open enrollment period or at such other times or under such conditions as the program may provide, any plan offered by the program.

(3) Except as otherwise provided in this subsection or subsection c. of this section, selection of a plan shall be at the sole discretion of the employee or retiree who is not Medicare-eligible.

e. Beginning with the plan year that commences July 1, 2021 and for each plan year thereafter, the program shall offer a fourth plan to be called the Garden State Health Plan. The plan shall be developed by the School Employees' Health Benefits Plan Design Committee. If the committee does not adopt a design for the Garden State Health Plan by December 31, 2020, the Division of Pensions and Benefits in the Department of the Treasury shall develop the Garden State Health Plan.

The Garden State Health Plan shall provide medical and prescription drug benefits that are equivalent to the level of medical and prescription drug benefits provided by the New Jersey Educators Health Plan, except that the benefits under the Garden State Health Plan shall be available only from providers located in the State of New Jersey.

Access to a service provider that is located outside of the State shall be available only under such conditions, restrictions, and limitations as the plan design committee or the division, as appropriate, shall provide.

f. The level of benefits in the New Jersey Educators Health Plan, the Garden State Health Plan, the NJ Direct 10 plan, and the NJ Direct 15 plan as those plans are specified in subsection b., e., and g. of this section shall remain unchanged until June 30, 2027. No change in the level of benefits in those plans shall be made before that date unless such a change is required by federal or State law to governmental health care benefits plans or to both governmental and non-governmental health care benefits plans.

For the plan year that commences July 1, 2027 and for each plan year thereafter, the level of benefits in the New Jersey Educators Health Plan, the Garden State Health Plan, the NJ Direct 10 plan, and the NJ Direct 15 plan as those plans are specified in subsection b., e., and g. of this section may be modified by the School Employees' Health Benefits Plan Design Committee.

g. The benefits in the New Jersey Educators Health Plan shall include the following:

In Network Benefits	Coverage
Member Coinsurance:	10%, Applies Only to Emergency Transportation Care and Durable Medical Equipment
Deductible:	N/A
Out-of-Pocket Maximum:	$500 Single/ $1,000 Family (covers all copayments, coinsurance, and deductible)

Emergency Room Copayment:	$125 (To be Waived if Admitted)
PCP Office Visit Copayment:	$10
Specialist Office Visit Copayment	$15
Out-of-Network Benefits	Coverage
Member Coinsurance:	30% of the Out-of-Network Fee Schedule
Deductible:	$350 / $700
Out-of-Pocket Maximum:	$2,000 Single / $5,000 Family
Routine Lab:	Paid at Out-of-Network Benefit Level
Out-of-Network Fee Schedule:	200% of CMS - Medicare
Pharmacy	
Out-of-Pocket Maximum:	$1,600 Single / $3,200 Family (Indexed Annually Pursuant to Federal Law)
Generic Copayment:	$5 Retail 30 Day Supply / $10 Mail 90 Day Supply
Brand Copayment:	$10 Retail 30 Day Supply/ $20 Mail 90 Day Supply
Mandatory Generic:	Member Pays Difference in Cost Between Generic and Brand, Plus Brand Copayment
Formulary:	PBM’s Closed Formulary
Other	
Chiropractic, Physical Therapy, and Acupuncture:	Subject to Out-of-Network Limits as for the State Health Benefits Program to take effect as of April 1, 2020, or as soon thereafter as reasonably practicable.

Under a patient centered medical home model, there shall be no office visit copay for primary care for participants who select and lock into a patient centered medical home for primary care.

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h. Any plan offered by the School Employees' Health Benefits Program shall require that chiropractic, physical therapy, and acupuncture benefits shall be subject to the same out-of-network limits as for the State Health Benefits Program that are to take effect as of April 1, 2020 or as soon thereafter as reasonably practicable.

2. a. Each employee, and retiree who is not Medicare-eligible and who is required by another provision of law to contribute in retirement toward the cost of health care benefits coverage under the program, shall contribute annually toward the cost of health care benefits coverage for the employee and retiree, and dependents if any, under the New Jersey Educators Health Plan offered by the School Employees' Health Benefits Program an amount equal to a percentage of the employee's annual base salary or retiree's annual retirement allowance. The contribution shall be withheld by the employer from the salary of the employee or by the retirement system from the retirement allowance of the retiree who is not Medicare-eligible. The percent to be contributed shall be as follows:

For Base Salary or Retirement Allowance of $40,000 or Less: 1.7% for Single Coverage; 2.2% for Parent and Child(ren) Coverage; 2.8% for Employee and Spouse Coverage; and 3.3% for Family Coverage

For Base Salary or Retirement Allowance of more than $40,000 to $50,000: 1.9% for Single Coverage; 2.5% for Parent and Child(ren) Coverage; 3.3% for Employee and Spouse Coverage; and 3.9% for Family Coverage

For Base Salary or Retirement Allowance of more than $50,000 to $60,000: 2.2% for Single Coverage; 2.8% for Parent and Child(ren) Coverage; 3.9% for Employee and Spouse Coverage; and 4.4% for Family Coverage

For Base Salary or Retirement Allowance of more than $60,000 to $70,000: 2.5% for Single Coverage; 3% for Parent and Child(ren) Coverage; 4.4% for Employee and Spouse Coverage; and 5% for Family Coverage

For Base Salary or Retirement Allowance of more than $70,000 to $80,000: 2.8% for Single Coverage; 3.3% for Parent and Child(ren) Coverage; 5% for Employee and Spouse Coverage; and 5.5% for Family Coverage

For Base Salary or Retirement Allowance of more than $80,000 to $90,000: 3% for Single Coverage; 3.6% for Parent and Child(ren) Coverage; 5.5% for Employee and Spouse Coverage; and 6% for Family Coverage

For Base Salary or Retirement Allowance of more than $90,000 to $100,000: 3.3% for Single Coverage; 3.9% for Parent and Child(ren) Coverage; 6% for Employee and Spouse Coverage; and 6.6% for Family Coverage

For Base Salary or Retirement Allowance of more than $100,000 to $125,000:
3.6% for Single Coverage; 4.4% for Parent and Child(ren) Coverage; 6.6% for Employee and Spouse Coverage; and 7.2% for Family Coverage

When the base salary or retirement allowance is more than $125,000, the percent to be contributed shall be the same as for a base salary or retirement allowance of $125,000.

b. Each employee, and retiree who is not Medicare-eligible and who is required by another provision of law to contribute in retirement toward the cost of health care benefits coverage under the program, shall contribute annually toward the cost of health care benefits coverage for the employee and retiree, and dependents if any, under the Garden State Health Plan offered by the School Employees' Health Benefits Program an amount equal to a percentage of the employee's annual salary or retiree's annual retirement allowance. The contribution shall be withheld by the employer from the salary of the employee or by the retirement system from the retirement allowance of the retiree who is not Medicare-eligible. The percent to be contributed shall be one-half of the percentage set forth in subsection a. of this section for the salary or retirement allowance range and type of coverage, except that the contribution specified in this subsection shall not be less than the minimum annual contribution for health care benefits coverage of 1.5% of salary or retirement allowance as required by law.

c. (1) An employee enrolled in the New Jersey Educators Health Plan or the Garden State Health Plan shall be required to pay only the contribution specified in subsection a. or b. of this section, notwithstanding any other provision of law, rule, or regulation to the contrary requiring contributions by employees toward the cost of health care benefits coverage under the program, except as provided in subsection b. of this section. No other contribution may be required by collective negotiations agreement, except as set forth in subsection h. of this section.

(2) Only those retirees who are not Medicare-eligible and who are required by another provision of law to contribute in retirement

toward the cost of health care coverage under the program shall be required to pay the contribution specified in subsection a. or b. of this section for coverage under the New Jersey Educators Health Plan or the Garden State Health Plan.

A retiree who is not Medicare-eligible, who is enrolled in the New Jersey Educators Health Plan or the Garden State Health Plan, and who is required by another provision of law to contribute in retirement toward the cost of health care coverage under the program shall be required to pay only the contribution specified in subsection a. or b. of this section, notwithstanding the provisions of section 77 of P.L.2011, c.78 (C.52:14-17.28e), section 3 of P.L.1987, c.384 (C.52:14-17.32f), section 2 of P.L.1992, c.126 (C.52:14-17.32f1), or section 1 of P.L.1995, c.357 (C.52:14-17.32f2) to the contrary requiring contributions by retirees toward the cost of health care benefits coverage under the program, except as provided in subsection b. of this section.

d. Employees who are not enrolled in the New Jersey Educators Health Plan or the Garden State Health Plan shall continue, after the effective date of this act, P.L. , c. (pending before the Legislature as this bill), to contribute to health care benefits coverage and those contributions shall be determined in accordance with what is permitted or required by provisions of law.

An employee who is enrolled in a plan other than the New Jersey Educators Health Plan or the Garden State Health Plan shall be required to contribute toward the cost of health care benefits coverage under the program (a) in accordance with a collective negotiations agreement applicable to that employee as negotiated prior to or after the effective date of this act, P.L. , c. (pending before the Legislature as this bill), pursuant to the requirements that were set forth in law on the day next preceding that effective date; (b) as may be required at the discretion of the employer; or (c) as required by a provision of law, whichever is applicable to that employee.

With regard to contributions by an employee who is enrolled in a plan other than the New Jersey Educators Health Plan or the Garden State Health Plan, no provision in this section shall be deemed to modify, alter, impair, or terminate the requirement in sections 77 and 78 of P.L.2011, c.78 (C.18A:16-17.2 and C.52:14-17.28e), as applicable, that a public employer and employees who were in negotiations for the collective negotiations agreement to be executed after the employees in that unit had reached full implementation of the premium share set forth in section 39 of P.L.2011, c.78 (C.52:14-17.28c) shall conduct negotiations concerning contributions for health care benefits as if the full premium share was included in the prior contract. Nothing in this act shall be deemed to modify, alter, impair, or terminate the continued compliance after the effective date of this act with that requirement for negotiations for any collections negotiations agreement for employee contributions for plans other

than the New Jersey Educators Health Plan or the Garden State Health Plan.

e. For an employee, the annual base salary paid by the employer for the position held by the employee shall be used to identify the percentage to be used to calculate the annual contribution required under subsections a. and b. of section 2 of this act. For a retiree who is not Medicare-eligible, the annual retirement allowance received by the retiree shall be used to identify the percentage to be used to calculate the annual contribution required under subsections a. and b. of section 2 of this act.

f. The annual contribution by an employee or a retiree who is not Medicare-eligible as calculated in accordance with subsection a. or b. of this section shall not exceed the amount as calculated in accordance with section 4 of this act, P.L. , c. (C.)(pending before the Legislature as this bill).

g. The contributions required by this section shall apply to employees for whom the employer has assumed a health care benefits payment obligation, to require that such employees pay the amount of contribution specified in this section for health care benefits coverage. The contributions required by this section shall apply to retirees for whom the State has assumed a health care benefits payment obligation but who are required by law to contribute toward the cost of health care benefits coverage under the program, to require that such retirees pay the amount of contribution specified in this section for health care benefits coverage.

h. For the plan year that commences on July 1, 2027 and for each plan year thereafter, the contributions required pursuant to subsections a. and b. of this section for employees enrolled in the New Jersey Educators Health Plan or the Garden State Health Plan may be modified through collective negotiations agreements entered into between the employers who participate in the School Employees' Health Benefits Program and their employees. The contributions required pursuant to subsections a. and b. of this section shall become part of the parties' collective negotiations and shall then be subject to collective negotiations in a manner similar to other negotiable items between the parties. Negotiations concerning contributions for health care benefits shall be conducted as if the contributions required pursuant to subsections a. and b. of this section were included in the prior contract. The contribution scheme of percentage of base salary set forth in those subsections may be modified or a new contribution scheme or method other than a percentage of salary may be provided for in accordance with a collective negotiations agreement.

3. a. The School Employees' Health Benefits Commission shall prepare, in coordination with the Division of Pensions and Benefits in the Department of the Treasury, a guidance tool to provide employees and retirees who is not Medicare-eligible with

confidential consultations online with regard to the employee's or retiree's decision to select a plan during a period of open enrollment or at other times. The guidance tool shall operate using information supplied by the employee or retiree as answers to questions concerning the health care needs of the employee or retiree, and the employee's or retiree's dependents if any.

b. The School Employees' Health Benefits Plan Design Committee shall develop a comprehensive health and wellness plan intended to provide biometric screening services, chronic condition coaching services, and smoking cessation services.

The School Employees' Health Benefits Commission shall provide, through a contract, for the services of wellness related providers for employees and retirees, and their dependents if any, enrolled in the program. The contract awarded by the commission shall provide access to those services for employers, as defined in section 32 of P.L.2007, c.103 (C.52:14-17.46.2), who do not participate in the program so that their employees may have access to the same services and under same terms, conditions, and costs as the employees of employers who do participate.

The School Employees' Health Benefits Program shall promote, on an on-going basis, the expansion of the use of patient centered medical homes.

The School Employees' Health Benefits Plan Design Committee shall seek also to adopt, on an on-going basis, efforts and measures to support expanded population health arrangements that manage costs and prevent inappropriate utilization.

c. All provisions of law regarding the School Employees' Health Benefits Program shall remain applicable to the extent not inconsistent with, and shall not be interpreted in a manner that creates a direct impediment to the implementation of, this section and sections 1, 2, and 4 of this act, P.L. , c. (C.)(pending before the Legislature as this bill).

4. For employees and retirees who are not Medicare-eligible who are required to make a contribution pursuant to subsection a. or b. of section 2, or subsection d. of section 5, of this act, P.L. , c. (C.)(pending before the Legislature as this bill), due to enrollment in the New Jersey Educators Health Plan or the Garden State Health Plan, or the equivalent plan, as appropriate, a calculation shall be made in accordance with this section. The employee or retiree shall be required to contribute the lesser of: the amount calculated for that employee or retiree in accordance with subsection a. or b. of section 2, or in accordance subsection d. of section 5, of this act, as appropriate; or the amount calculated for that employee or retiree in accordance with this section.

for family coverage or its equivalent -

an employee or retiree who earns less than $25,000 shall pay 3 percent of the cost of coverage;

an employee or retiree who earns $25,000 or more but less than $30,000 shall pay 4 percent of the cost of coverage;

an employee or retiree who earns $30,000 or more but less than $35,000 shall pay 5 percent of the cost of coverage;

an employee or retiree who earns $35,000 or more but less than $40,000 shall pay 6 percent of the cost of coverage;

an employee or retiree who earns $40,000 or more but less than $45,000 shall pay 7 percent of the cost of coverage;

an employee or retiree who earns $45,000 or more but less than $50,000 shall pay 9 percent of the cost of coverage;

an employee or retiree who earns $50,000 or more but less than $55,000 shall pay 12 percent of the cost of coverage;

an employee or retiree who earns $55,000 or more but less than $60,000 shall pay 14 percent of the cost of coverage;

an employee or retiree who earns $60,000 or more but less than $65,000 shall pay 17 percent of the cost of coverage;

an employee or retiree who earns $65,000 or more but less than $70,000 shall pay 19 percent of the cost of coverage;

an employee or retiree who earns $70,000 or more but less than $75,000 shall pay 22 percent of the cost of coverage;

an employee or retiree who earns $75,000 or more but less than $80,000 shall pay 23 percent of the cost of coverage;

an employee or retiree who earns $80,000 or more but less than $85,000 shall pay 24 percent of the cost of coverage;

an employee or retiree who earns $85,000 or more but less than $90,000 shall pay 26 percent of the cost of coverage;

an employee or retiree who earns $90,000 or more but less than $95,000 shall pay 28 percent of the cost of coverage;

an employee or retiree who earns $95,000 or more but less than $100,000 shall pay 29 percent of the cost of coverage;

an employee or retiree who earns $100,000 or more but less than $110,000 shall pay 32 percent of the cost of coverage;

an employee or retiree who earns $110,000 or more shall pay 35 percent of the cost of coverage

for individual coverage or its equivalent -

an employee or retiree who earns less than $20,000 shall pay 4.5 percent of the cost of coverage;

an employee or retiree who earns $20,000 or more but less than $25,000 shall pay 5.5 percent of the cost of coverage;

an employee or retiree who earns $25,000 or more but less than $30,000 shall pay 7.5 percent of the cost of coverage;

an employee or retiree who earns $30,000 or more but less than $35,000 shall pay 10 percent of the cost of coverage;

an employee or retiree who earns $35,000 or more but less than $40,000 shall pay 11 percent of the cost of coverage;

an employee or retiree who earns $40,000 or more but less than $45,000 shall pay 12 percent of the cost of coverage;
an employee or retiree who earns $45,000 or more but less than $50,000 shall pay 14 percent of the cost of coverage;
an employee or retiree who earns $50,000 or more but less than $55,000 shall pay 20 percent of the cost of coverage;
an employee or retiree who earns $55,000 or more but less than $60,000 shall pay 23 percent of the cost of coverage;
an employee or retiree who earns $60,000 or more but less than $65,000 shall pay 27 percent of the cost of coverage;
an employee or retiree who earns $65,000 or more but less than $70,000 shall pay 29 percent of the cost of coverage;
an employee or retiree who earns $70,000 or more but less than $75,000 shall pay 32 percent of the cost of coverage;
an employee or retiree who earns $75,000 or more but less than $80,000 shall pay 33 percent of the cost of coverage;
an employee or retiree who earns $80,000 or more but less than $95,000 shall pay 34 percent of the cost of coverage;
an employee or retiree who earns $95,000 or more shall pay 35 percent of the cost of coverage;

for member with child or spouse coverage or its equivalent -
an employee or retiree who earns less than $25,000 shall pay 3.5 percent of the cost of coverage;
an employee or retiree who earns $25,000 or more but less than $30,000 shall pay 4.5 percent of the cost of coverage;
an employee or retiree who earns $30,000 or more but less than $35,000 shall pay 6 percent of the cost of coverage;
an employee or retiree who earns $35,000 or more but less than $40,000 shall pay 7 percent of the cost of coverage;
an employee or retiree who earns $40,000 or more but less than $45,000 shall pay 8 percent of the cost of coverage;
an employee or retiree who earns $45,000 or more but less than $50,000 shall pay 10 percent of the cost of coverage;
an employee or retiree who earns $50,000 or more but less than $55,000 shall pay 15 percent of the cost of coverage;
an employee or retiree who earns $55,000 or more but less than $60,000 shall pay 17 percent of the cost of coverage;
an employee or retiree who earns $60,000 or more but less than $65,000 shall pay 21 percent of the cost of coverage;
an employee or retiree who earns $65,000 or more but less than $70,000 shall pay 23 percent of the cost of coverage;
an employee or retiree who earns $70,000 or more but less than $75,000 shall pay 26 percent of the cost of coverage;
an employee or retiree who earns $75,000 or more but less than $80,000 shall pay 27 percent of the cost of coverage;
an employee or retiree who earns $80,000 or more but less than $85,000 shall pay 28 percent of the cost of coverage;

an employee or retiree who earns $85,000 or more but less than $100,000 shall pay 30 percent of the cost of coverage.

an employee or retiree who earns $100,000 or more shall pay 35 percent of the cost of coverage.

The annual base salary of an employee shall be used to determine what the employee earns for the purpose of determining the percent of the cost of coverage. The annual retirement allowance of a retiree who is not Medicare-eligible shall be used to determine what the retiree earns for the purpose of determining the percent of the cost of coverage.

As used in this section, "cost of coverage" means the premium or periodic charges for medical and prescription drug plan coverage, but not for dental, vision, or other health care, provided: (1) under the New Jersey Educators Health Plan or the Garden State Health Plan offered by the School Employees' Health Benefits Program pursuant to section 1 of P.L. , c. (C.)(pending before the Legislature as this bill); or (2) under the equivalent New Jersey Educators Health Plan or the equivalent Garden State Health Plan offered by an employer pursuant to section 5 of P.L. c. (C. (pending before the Legislature as this bill) when that employer is not a participant in the School Employees' Health Benefits Program.

5. This section shall apply to local boards of education and employers, as specified in subsection j. of this section, who do not participate in the School Employees' Health Benefits Program.

a. (1) Notwithstanding the provisions of any other law, rule, or regulation to the contrary, beginning July 1, 2020 and for each plan year thereafter, a board of education as an employer providing health care benefits coverage for its employees, and their dependents if any, in accordance with P.L.1979, c.391 (C.18A:16-12 et seq.) shall offer to its employees, and their dependents if any, the equivalent of the New Jersey Educators Health Plan in the School Employees' Health Benefits Program as that plan is described in section 1 of P.L. , c. (C.)(pending before the Legislature as this bill).

Beginning July 1, 2021 and for each plan year thereafter, a board of education as an employer providing health care benefits coverage for its employees, and their dependents if any, in accordance with P.L.1979, c.391 (C.18A:16-12 et seq.) shall also offer a plan for its employees, and their dependents if any, that is the equivalent of the Garden State Health Plan in the School Employees' Health Benefits Program.

(2) The plans under this section shall be offered by the employer regardless of any collective negotiations agreement between the employer and its employees in effect on the effective date of this act, P.L. , c. (pending before the Legislature as this bill), that provides for enrollment in other plans offered by the employer.

No new health care benefits plans, other than those specified in paragraph (1) of this subsection, shall be added by the employer from July 1, 2020 through June 30, 2027 unless the provisions of any collective negotiations agreement entered into before or after the effective date of this act, P.L. , c. (pending before the Legislature as this bill), result in additional premium cost reductions. Nothing in this section shall prohibit an employer from offering health care benefits plans that existed prior to the effective date of this act.

(3) Commencing July 1, 2027, the employer may offer such other plans as may be required in accordance with any collective negotiations agreement between the employer and its employees.

(4) An employer may delay implementation of plan offerings and enrollments as set forth in this section until a date after July 1, 2020, but not later than August 1, 2020, if the employer deems the delay to be necessary. The employer may delay implementation until a date, as soon as possible, after July 1, 2020 by which date the employer determines that implementation will be practicable. The employer shall state in writing the reasons for the delay and shall submit that statement to the School Employees' Health Benefits Commission. Under no circumstances shall implementation occur later than August 1, 2020.

b. Prior to July 1, 2020, each employer shall provide a special enrollment period during which all employees shall be required to select affirmatively a plan provided by the employer. If an employee fails to select affirmatively a plan during this special enrollment period, the employer shall enroll the employee, and the employee's dependents if any, in the equivalent New Jersey Educators Health Plan for the year July 1, 2020 until June 30, 2021.

During the special enrollment period, each person who is enrolled in a plan offered by the employer and who is paying the full cost of coverage shall also be required to select affirmatively a plan provided by the employer. If a person fails to select affirmatively a plan during this special enrollment period, the employer shall enroll the person, and the person's dependents if any, in the equivalent New Jersey Educators Health Plan for the year July 1, 2020 until June 30, 2021. Any such person shall continue to pay the full cost of coverage and shall not be subject to the contribution schedule or any mandatory enrollment period as set forth in this section.

c. (1) An employee commencing employment on or after July 1, 2020 but before July 1, 2027 who does not waive coverage, shall be enrolled by the employer in the equivalent New Jersey Educators Health Plan. The employee shall remain enrolled in that plan for each plan year until June 30, 2027. Beginning July 1, 2027, the employee may select, during any open enrollment period or at such other times or under such conditions as the employer may provide, any plan offered by the employer.

(2) Except as otherwise provided in this subsection or subsection b. of this section, selection of a plan shall be at the sole discretion of the employee.

d. An employee shall contribute annually toward the cost of health care benefits coverage for the employee, and employee's dependents if any, the amount specified, in the manner specified, in subsection a. or b. of section 2 of this act, P.L. , c. (C.)(pending before the Legislature as this bill), if the employee, and the employee's dependents if any, are enrolled in the equivalent New Jersey Educators Health Plan or the equivalent Garden State Health Plan. An employee's contribution toward the cost of coverage under the equivalent Garden State Health Plan shall be the amount required in subsection b. of section 2 of this act, except that the contribution specified in that subsection shall not be less than the minimum annual contribution for health care benefits coverage of 1.5% of salary as required by law.

e. (1) An employee enrolled in the equivalent New Jersey Educators Health Plan or the equivalent Garden State Health Plan shall be required to pay only the contribution specified in subsections a. and b. of section 2 of this act, notwithstanding any other provision of law, rule, or regulation to the contrary requiring contributions by employees toward the cost of health care benefits coverage provided by an employer, except as provided in subsection d. of this section. No other contribution may be required by collective negotiations agreement, except as set forth in subsection i. of this section.

(2) Employees who are not enrolled in the equivalent New Jersey Educators Health Plan or the equivalent Garden State Health Plan shall continue, after the effective date of this act, P.L. , c. (pending before the Legislature as this bill), to contribute to health care benefits coverage and those contributions shall be determined in accordance with what is permitted or required by provisions of law.

An employee who is enrolled in a plan other than the equivalent New Jersey Educators Health Plan or the equivalent Garden State Health Plan shall be required to contribute toward the cost of health care benefits coverage offered by the employer (a) in accordance with a collective negotiations agreement applicable to that employee as negotiated prior to or after the effective date of this act pursuant to the requirements that were set forth in law on the day next preceding that effective date; (b) as may be required at the discretion of the employer; or (c) as required by a provision of law, whichever is applicable to that employee.

With regard to contributions by an employee who is enrolled in a plan other than the equivalent New Jersey Educators Health Plan or the equivalent Garden State Health Plan, no provision in this section shall be deemed to modify, alter, impair, or terminate the requirement in sections 77 and 78 of P.L.2011, c.78 (C.18A:16-17.2 and C.52:14-17.28e), as applicable, that a public employer and employees who are in negotiations for the collective negotiations agreement to be

executed after the employees in that unit had reached full implementation of the premium share set forth in section 39 of P.L.2011, c.78 (C.52:14-17.28c) shall conduct negotiations concerning contributions for health care benefits as if the full premium share was included in the prior contract. Nothing in this act shall be deemed to modify, alter, impair, or terminate the continued compliance after the effective date of this act with that requirement for negotiations for any collective negotiations agreement for employee contributions for plans other than the equivalent New Jersey Educators Health Plan or the equivalent Garden State Health Plan.

(3) For an employee, the annual base salary paid by the employer for the position held by the employee shall be used to identify the percentage to be used to calculate the annual contribution required under subsections a. and b. of section 2 of this act.

f. The annual contribution by an employee as calculated in accordance with subsection a. or b. of section 2 of this act shall not exceed the amount as calculated in accordance with section 4 of this act.

g. The contributions required by this section shall apply to employees for whom the employer has assumed a health care benefits payment obligation, to require that such employees pay the amount of contribution specified in this section for health care benefits coverage.

h. The level of benefits in the equivalent New Jersey Educators Health Plan and the equivalent Garden State Health Plan offered by the employer shall remain unchanged until June 30, 2027. No change in the level of benefits in those plans shall be made before that date unless such a change is required by federal or State law to governmental health care benefits plans or to both governmental and non-governmental health care benefits plans.

Commencing July 1, 2027 and for each plan year thereafter, the level of benefits in the equivalent New Jersey Educators Health Plan and the equivalent Garden State Health Plan offered by the employer may be modified by the employer in accordance with collective negotiations agreements entered into between the employers who do not participate in the School Employees' Health Benefits Program and their employees, or as otherwise permitted by law.

i. Commencing July 1, 2027 and for each plan thereafter, the contributions required pursuant to subsections a. and b. of section 2 of this act for employees enrolled in the equivalent New Jersey Educators Health Plan or the equivalent Garden State Health Plan may be modified in accordance with collective negotiations agreements enter into between the employers who do not participate in the School Employees' Health Benefits Program and their employees. The contributions required pursuant to subsections a. and b. of section 2 of this act shall become part of the parties' collective negotiations and shall then be subject to collective negotiations in a

manner similar to other negotiable items between the parties. Negotiations concerning contributions for health care benefits shall be conducted as if the contributions required pursuant to subsections a. and b. of section 2 of this act were included in the prior contract. The contribution scheme of the percentage of base salary set forth in those subsections may be modified or a new contribution scheme or method other than a percentage of salary may be provided for in accordance with a collective negotiations agreement.

j. This section shall also apply also when health care benefits coverage is provided though an insurance fund or joint insurance fund or any other manner. This section shall apply to any employer, as that term is defined in section 32 of P.L.2007, c.103 (C.52:14-17.46.2), that is not a participating employer in the School Employees' Health Benefits Program.

6. a. Actual savings realized by a school district as a result of the implementation of the provisions of P.L. , c. (C.)(pending before the Legislature as this bill) shall be used solely and exclusively by the school district for the purpose of reducing the amount that is required to be raised by the local property tax levy by the school district for school district purposes, except when a school district is spending below adequacy as calculated in accordance with section 1 of P.L.2018, c.67 (C.18A:7F-70).

When a cap on the annual increase in the property tax levy for a school district is imposed by law, the savings realized shall be deducted from the adjusted tax levy for the previous budget year and that reduced amount shall serve as the basis for calculating the adjusted tax levy for the next school year.

b. To enable tracking of health care cost savings by school districts, each school district shall submit an annual data sheet for both the current and prior year showing the Total Annual Cost of Health Benefits for Active Employees, the Total Employee Cost-Sharing Contribution, and the Net Cost to the School District for Health Benefits, including the Number of Covered Employees, the Annual Cost Estimate Per Employee, and the Total Cost for each coverage category – Single Coverage, Parent and Child, Employee and Spouse, and Family.

In addition, school districts shall provide separate breakouts of the same categories of data for health care coverage under all health care benefits plans offered by the employer. The datasheet shall also indicate whether the school district is enrolled in the School Employees' Health Benefits Program for medical and prescription drug benefits coverage. Reports shall be due no later than 60 days following each enrollment period to the Department of Education, the Division of Pensions and Benefits in the Department of the Treasury, and the Legislature.

7. This act shall take effect immediately.

STATEMENT

This bill requires the School Employees' Health Benefits Program (SEHBP) to offer only three plans, beginning on July 1, 2020, for medical and prescription benefits coverage. The three plans will be the New Jersey Educators Health Plan; the SEHBP NJ Direct 10 plan as adopted and implemented by the School Employees' Health Benefits Commission for plan year 2020; and the SEHBP NJ Direct 15 plan as adopted and implemented by the School Employees' Health Benefits Commission for plan year 2020.

The SEHBP applies to the following employers who elect to participate in the SEHBP: local school district, regional school district, county vocational school district, county special services school district, jointure commission, educational services commission, State-operated school district, charter school, county college, any officer, board, or commission under the authority of the Commissioner of Education or of the State Board of Education, and any other public entity which is established pursuant to authority provided by Title 18A of the New Jersey Statutes, but excluding the State public institutions of higher education and excluding those public entities where the employer is the State of New Jersey. The provisions of this bill also apply under section 5 to these same employers even if they do not elect to participate in the SEHBP.

The New Jersey Educators Health Plan will have the benefits specified in the bill.

The plan offerings, plan terminations, and enrollments required by July 1, 2020, as set forth in this bill, may be delayed until a date after July 1, 2020, but not later than August 1, 2020, if the School Employees' Health Benefits Commission, or an employer that does not participate in the SEHBP, deems the delay to be necessary. The commission or employer may delay implementation until a date the commission or employer determines that implementation will be practicable. The commission or employer must state in writing the reasons for the delay. Under no circumstances shall implementation occur later than August 1, 2020.

The bill requires the SEHBP to provide a special enrollment period during which all employees will be required to select affirmatively one of the three plans. If an employee fails to select affirmatively a plan during this special enrollment period, the SEHBP will enroll the employee, and their dependents if any, in the New Jersey Educators Health Plan for plan year beginning July 1, 2020 and ending June 30, 2021.

The bill requires the SEHBP to enroll an employee who commences employment on or after July 1, 2020 but before July 1, 2027 in the New Jersey Educators Health Plan. For the plan year that commences July 1, 2027, the employee may select, during any open enrollment period, any one of the three plans provided by the SEHBP.

The bill requires the program, for the plan year beginning July 1, 2020, to enroll any retiree who is not Medicare-eligible, and the retiree's dependents if any, in the New Jersey Educators Health Plan for health care benefits as a retiree. The retiree must remain in that plan until June 30, 2027 or until the retiree become eligible for Medicare, whichever comes first.

For the plan year that commences July 1, 2021, the SEHBP must also offer a Garden State Health Plan. The plan will be developed by the School Employees' Health Benefits Plan Design Committee. The Garden State Health Plan will provide medical and prescription drug benefits that are equivalent to the level of medical and prescription drug benefits provided by the New Jersey Educators Health Plan, except that the benefits under the Garden State Health Plan will be available only from providers located in the State of New Jersey with certain exceptions.

The level of benefits in the New Jersey Educators Health Plan, the Garden State Health Plan, the NJ Direct 10, and the NJ Direct 15 plan will remain unchanged until June 30, 2027. For the plan year that commences July 1, 2027, the benefits in the plans may be modified by the plan design committee. Employers that do not participate in the SEHBP may modify, through collective negotiations agreements, the employee contributions required for New Jersey Educators Health Plan and the Garden State Health Plan, beginning for the plan year that starts July 1, 2027 and thereafter.

The bill requires an employee, or a retiree who is not Medicare-eligible and who is required by law to contribute in retirement toward the cost of health care coverage under the program, to contribute annually a percentage of base salary or retirement allowance toward the cost of the health care benefits coverage under the New Jersey Educators Health Plan and the Garden State Health Plan. The percentages are specified in the bill. However, the contribution cannot be less than the contribution of 1.5% of salary that is required by current law.

The required contribution toward the cost of health care benefits coverage under the Garden State Health Plan will be one half of the percentages required for the New Jersey Educators Health Plan. However, the contribution cannot be less than the contribution of 1.5% of salary that is required by current law.

The amount of the annual contribution for either plan cannot exceed the amount that is the result of a calculation using the chart established under P.L.2011, c.78 that was formerly applicable to determine a contribution that was a percentage of premium.

An employee who selects a plan other than the New Jersey Educators Health Plan or the Garden State Health Plan will be required to contribute toward the cost of coverage (1) in accordance with a collective negotiations agreement applicable to that employee as negotiated in accordance with certain requirements of P.L.2011, c.78; (2) as may be required at the discretion of the employer; or (3)

as required by a provision of law, whichever is applicable to that employee.

The bill requires eligible employers that do not participate in the SEHBP to also offer the equivalent of the New Jersey Educators Health Plan beginning July 1, 2020, and the equivalent of the Garden State Health Plan beginning July 1, 2021, until June 30, 2027. The level of benefits in these two plans will remain unchanged through June 30, 2027.

No new plans, other than the New Jersey Educators Health Plan and the Garden State Health Plan, may be provided during that period unless the provisions of collective negotiations agreements entered into before or after the effective of this bill result in additional premium cost reductions. Health care benefits plans that existed before the effective date of the bill may continue to be offered by employers that do not participate in the SEHBP.

The employees of employers that do not participate in the SEHBP will also be required to make the contributions described above if they enroll in the equivalent New Jersey Educators Health Plan or the equivalent Garden State Health Plan. Eligible employers may modify, through collective negotiations agreements, the two plans and the contributions required for those plans, for the year beginning July 1, 2027 and thereafter. The enrollment provisions required for these employers for the new plans will be the same as those for the employers who participate in the SEHBP.

The bill requires that actual savings realized by a school district as a result of the implementation of this bill be used solely and exclusively by the school district for the purpose of reducing the amount that is required to be raised by the local property tax levy by the school district for school district purposes, except when a school district is spending below adequacy as calculated in accordance with N.J.S.A.18A:7F-70. When a cap on the annual increase in the property tax levy for a school district is imposed by law, the savings realized shall be deducted from the adjusted tax levy for the previous budget year and the difference shall serve as the basis for calculating the adjusted tax levy for the next year.

The bill requires certain annual reports from school districts.

The bill also requires the SEHBP to:

develop a guidance tool to provide employees and retirees with confidential consultations online with regard to the employee’s or retiree’s decision to select a plan during the period of open enrollment or at other times.

develop a comprehensive health and wellness plan intended to provide biometric screening services, chronic condition coaching services, and smoking cessation services.

provide for the services, through a contract, of wellness related providers for employees and retirees, and their dependent, enrolled in the program, with access to those service for employers who do not participate in the SEHBP.

promote, on an on-going basis, the expansion of the use of patient centered medical homes.

seek to adopt, on an on-going basis, efforts and measures to support expanded population health arrangements that manage costs and prevent inappropriate utilization.