ASSEMBLY, No. 1251



STATE OF NEW JERSEY

219th LEGISLATURE



PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

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District 36 (Bergen and Passaic)

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District 15 (Hunterdon and Mercer)

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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

Introduced Pending Technical Review by Legislative Counsel.



An Act concerning health care benefits for school district employees and contributions toward health care benefits by all public employees, amending various parts of the statutory law, and supplementing 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. Section 3 of P.L.2007, c.62 (C.18A:7F-38) is amended to read as follows:

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

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

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

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

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

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

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

d. (1) The allowable adjustment for increases in health care costs authorized pursuant to subsection a. of this section shall equal that portion of the actual increase in total health care costs for the budget year, less any withdrawals from the current expense emergency reserve account for increases in total health care costs, that exceeds 2.0 percent of the total health care costs in the prebudget year **[**, but that is not in excess of the product of the total health care costs in the prebudget year multiplied by the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et seq.), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury**]**. Health care costs shall include medical, prescription, vision, and dental costs. Increases in health care costs shall include, but not be limited to, increases in costs due to any decreases in employee contributions for health care.

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

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

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

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

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

2. Any local board of education may directly or indirectly through a trust fund or otherwise enter into contracts of group life, accidental death and dismemberment, hospitalization, medical, surgical, major medical expense, minimum premium insurance policy or health and accident insurance with any insurance company or companies authorized to do business in this State, or may contract with a nonprofit hospital service, medical service or health service corporation with respect to the benefits which they are authorized to provide respectively. Such contract or contracts shall provide any one or more of such coverages for the employees of the local board of education and may include their dependents. A local board of education may enter into a contract or contracts to provide drug prescription and other health care benefits, or enter into a contract or contracts to provide drug prescription and other health care benefits as may be required to implement a duly executed collective negotiations agreement, or as may be required to implement a determination by a local board of education to provide such benefit or benefits to employees not included in collective negotiations units. Nothing herein contained shall be deemed to authorize coverage of dependents of an employee under a group life insurance policy or to allow the issuance of a group life insurance policy under which the entire premium is to be derived from funds contributed by the insured employee.

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

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

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

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

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

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

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

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

c. The term "employer" means 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.

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

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

e. The term "dependents" means an employee's spouse, domestic partner, or partner in a civil union couple, and unmarried children under the age of **[**23**]** 26 years who live in a regular parent/child relationship. "Children" shall include stepchildren, legally adopted children and children placed by the Division of Youth and Family Services in the Department of Children and Families, provided they are reported for coverage and are wholly dependent upon the employee for support and maintenance. A spouse, domestic partner, partner in a civil union couple, or child enlisting or inducted into military service shall not be considered a dependent during the military service. The term "dependents" shall not include spouses, domestic partners, or partners in a civil union couple, of retired persons who are otherwise eligible for the benefits under the School Employees' Health Benefits Program but who, although they meet the age or disability eligibility requirement of Medicare, are not covered by Medicare Hospital Insurance, also known as Medicare Part A, and Medicare Medical Insurance, also known as Medicare Part B.

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

g. The term "hospital" means:

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

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

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

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

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

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

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

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

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

(1) Physician services, including:

(a) Inpatient services, including:

(i) medical care including consultations;

(ii) surgical services and services related thereto; and

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

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

(i) office visits for covered services and care;

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

(iii) dialysis center care;

(iv) maternity care;

(v) well child care;

(vi) child immunizations/lead screening;

(vii) routine adult physicals including pap, mammography, and prostate examinations; and

(viii) annual routine obstetrical/gynecological exam.

(2) Hospital services, both inpatient and outpatient, including:

(a) room and board;

(b) intensive care and other required levels of care;

(c) semi-private room;

(d) therapy and diagnostic services;

(e) surgical services or facilities and treatment related thereto;

(f) nursing care;

(g) necessary supplies, medicines, and equipment for care; and

(h) maternity care and related services.

(3) Other facility and services, including:

(a) approved treatment centers for medical emergency/accidental injury;

(b) approved surgical center;

(c) hospice;

(d) chemotherapy;

(e) diagnostic x-ray and lab tests;

(f) ambulance;

(g) durable medical equipment;

(h) prosthetic devices;

(i) foot orthotics;

(j) diabetic supplies and education; and

(k) oxygen and oxygen administration.

c. Benefits under the contract or contracts purchased as authorized by the School Employees' Health Benefits Program Act shall include those for the treatment of alcoholism where such treatment is prescribed by a physician and shall also include treatment while confined in or as an outpatient of a licensed hospital or residential treatment program which meets minimum standards of care equivalent to those prescribed by the Joint Commission on Hospital Accreditation. No benefits shall be provided beyond those stipulated in the contracts held by the School Employees' Health Benefits Commission.

d. Benefits under the contract or contracts purchased as authorized by the School Employees' Health Benefits Program Act shall include those for mental health services subject to limits and exclusions consistent with those that apply to benefits for such services pursuant to the New Jersey State Health Benefits Program Act. Coverage for biologically-based mental illness, as defined in section 1 of P.L.1999, c.441 (C.52:14-17.29d), shall be provided in accordance with section 2 of P.L.1999, c.441 (C.52:14-17.29e).

e. Coverage provided under the School Employees' Health Benefits Program Act shall include coverage for all services for which coverage is mandated in the State Health Benefits Program pursuant to P.L.1961, c.49 (C.52:14-17.25 et seq.).

f. (1) As used in this subsection:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(h) In the fifth year following the initial appointment of all of its members, the commission shall, as part of the fifth year audit and review undertaken pursuant to section 40 of that act (C.52:14-17.46.10), review the prescription drug program established in this subsection and may make changes in the program pursuant to the terms of section 40 by majority vote of the full authorized membership of the commission.

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

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

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

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

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

If an officer or employee receives a retroactive salary increase, the amount of that retroactive increase shall not be included in the annual salary used to calculate the contribution or to identify the percentage or amount.

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

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

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

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

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

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

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

This section shall apply when a contribution by the officer or employee of a local board of education is required by resolution of the board, contract of employment, collective negotiations agreement, or other means. This section shall apply when the health care benefits coverage is provided pursuant to section 2 of P.L.1979, c.391 (C.18A:16-13), the School Employees’ Health Benefits program, or through an insurance fund or joint insurance fund, or in any other manner.

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

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

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

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

7. (New section) a. As used in this section, “employer” means a local school district, regional school district, county vocational school district, county special services school district, jointure commission, educational services commission, school district under partial or full State intervention, charter school, any officer, board, or commission under the authority of the Commissioner of Education or 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 State public institutions of higher education and those public entities where the employer is the State of New Jersey.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b. Commencing on the effective date of P.L.2010, c.2 and upon the expiration of any applicable binding collective negotiations agreement in force on that effective date, employees of a local board of education shall pay 1.5 percent of base salary, through the withholding of the contribution from the pay, salary or other compensation, for health care benefits coverage provided pursuant to P.L.1979, c.391 (C.18A:16-12 et seq.), notwithstanding any other amount that may be required additionally pursuant to subsection a. of this section for such coverage.

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

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

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

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

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

Commencing on the effective date of P.L. , c. (pending before the Legislature as this bill) and upon the expiration of any applicable binding collective negotiations agreement in force on that effective date, employees of a county college shall pay no more than three percent of their base salary for individual coverage, four percent of their base salary for individual and adult or individual and children coverage and five percent of their base salary for family coverage, through the withholding of the contribution from the pay, salary or other compensation, for health care benefits coverage provided by the employer, as that contribution may be required by an applicable resolution, collective negotiations agreement, or other means. This paragraph shall apply notwithstanding the provisions of section 79 of P.L.2011, c.78 (C.40A:10-21.2) to the extent that it requires the inclusion of contribution levels in collective negotiations agreements after full implementation of the requirements of the law specified in that section 79, and notwithstanding the requirement of any other law or regulation to the contrary.

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

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

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

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

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

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

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

Commencing on the effective date of P.L. , c. (pending before the Legislature as this bill) and upon the expiration of any applicable binding collective negotiations agreement in force on that effective date, employees of an employer shall pay no more than three percent of their salary for individual coverage, four percent of their salary for individual and adult or individual and children coverage and five percent of their salary for family coverage, through the withholding of the contribution from the pay, salary or other compensation, for health care benefits coverage provided pursuant to N.J.S. 40A:10-17, as that contribution may be required by an applicable resolution, ordinance, collective negotiations agreement, or other means. This paragraph shall apply notwithstanding the provisions of section 79 of P.L.2011, c.78 (C.40A:10-21.2) to the extent that it requires the inclusion of contribution levels in collective negotiations agreements after full implementation of the requirements of the law specified in that section 79, and notwithstanding the requirement of any other law or regulation to the contrary.

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

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

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

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

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

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

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

(2) The amount of the contribution required pursuant to paragraph (1) of this subsection as to State employees and employees of an independent State authority, board, commission, corporation, agency, or organization for whom there is a majority representative for collective negotiations purposes shall be determined by means of a binding collective negotiations agreement. Commencing on the effective date of P.L.2010, c.2 and upon the expiration of any applicable binding collective negotiations agreement in force on that effective date, the amount of the contribution required pursuant to paragraph (1) of this subsection by State employees and employees of an independent State authority, board, commission, corporation, agency, or organization for whom there is a majority representative for collective negotiations purposes shall be 1.5% of base salary, notwithstanding any other amount that may be required additionally pursuant to this paragraph by means of a binding collective negotiations agreement.

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

The amount of the contribution required pursuant to paragraph (1) of this subsection as to State employees for whom there is no majority representative for collective negotiations purposes shall be determined in a manner consistent with the terms, if any, concerning health benefits coverage which are in a collective negotiations agreement deemed applicable by the commission to the employee. The amount of the contribution required pursuant to paragraph (1) of this subsection as to employees of an independent State authority, board, commission, corporation, agency, or organization for whom there is no majority representative for collective negotiations purposes shall be determined in a manner consistent with the terms, if any, concerning health benefits coverage which are in a collective negotiations agreement deemed applicable by the employer to the employee. The amount of the contribution required pursuant to paragraph (1) of this subsection as to State employees or employees of an independent State authority, board, commission, corporation, agency, or organization for whom there is no majority representative for collective negotiations purposes shall be 1.5 percent of base salary, notwithstanding any other amount that may be required additionally pursuant to this paragraph by means of the application of the terms of a binding collective negotiations agreement.

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

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

(4) The amount of the contribution required pursuant to paragraph (3) of this subsection as to State employees and employees of an independent State authority, board, commission, corporation, agency, or organization for whom there is a majority representative for collective negotiations purposes who accrue 25 years of nonconcurrent service credit in one or more State or locally-administered retirement systems on or after July 1, 2007, and who retire on or after July, 1, 2007, excepting employees who elect deferred retirement, but including those who retire on a disability pension after July 1, 2007, shall be determined by means of a binding collective negotiations agreement applicable at the time of the employee's accrual of 25 years of nonconcurrent service credit in one or more State or locally-administered retirement systems. The amount of the contribution required pursuant to paragraph (3) of this subsection as to State employees or employees of an independent State authority, board, commission, corporation, agency, or organization for whom there is no majority representative for collective negotiations purposes who accrue 25 years of nonconcurrent service credit in one or more State or locally-administered retirement systems on or after July 1, 2007, and who retire on or after July 1, 2007, excepting employees who elect deferred retirement, but including those who retire on a disability pension after July 1, 2007, shall be determined in a manner consistent with the terms, if any, concerning health benefits coverage in retirement which are in any collective negotiations agreement deemed applicable by the commission to that employee at the time of the employee's accrual of 25 years of nonconcurrent service credit in one or more State or locally-administered retirement systems, except that for employees who accrue 25 years of nonconcurrent service credit in one or more State or locally-administered retirement systems in the period beginning July 1, 2007, and ending June 30, 2011, the contribution shall be 1.5 percent of the monthly retirement allowance, including any future cost-of-living adjustments, or, with respect to retirees for whom there is no majority representative and who are members of the alternate benefit program, an amount determined pursuant to a formula developed by the commission that shall be designed to result in a contribution that is comparable to the contribution that applies to retirees who are not members of the alternate benefit program.

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

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

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

d. The amount of contribution required pursuant to paragraph (3) of subsection c. of this section in retirement as to a State employee and employee of an independent State authority, board, commission, corporation, agency, or organization who becomes a member of a State or locally-administered retirement system on or after the effective date of P.L.2010, c.2, for whom there is a majority representative for collective negotiations purposes and for whom there is no such representative, shall be 1.5 percent of the retiree's monthly retirement allowance, including any future cost-of-living adjustments, or with respect to members of the alternate benefit program, an amount determined pursuant to the formula specified in paragraph (4) of subsection c. of this section, notwithstanding any other amount that may be required additionally pursuant to paragraph (4) of subsection c. of this section by means of a binding collective negotiations agreement or by means of the application of the terms of such an agreement. The contribution required by this subsection or pursuant to paragraph (4) of subsection c. of this section for officers or employees specified in this subsection shall not be waived for a retiree who participates in the New Jersey Retirees' Wellness Program.

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

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

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

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

Commencing on the effective date of P.L. , c. (pending before the Legislature as this bill) and upon the expiration of any applicable binding collective negotiations agreement in force on that effective date, employees of an employer other than the State shall pay no more than three percent of their base salary for individual coverage, four percent of their base salary for individual and adult or individual and children coverage, and five percent of their base salary for family coverage, through the withholding of the contribution from the pay, salary or other compensation, for health care benefits coverage provided pursuant to P.L.1961, c.49 (C.52:14-17.25 et seq.), as that contribution may be required by an applicable resolution, ordinance, collective negotiations agreement, or other means. This paragraph shall apply notwithstanding the provisions of section 77 of P.L.2011, c.78 (C.52:14-17.28e) to the extent that it requires the inclusion of contribution levels in collective negotiations agreements after full implementation of the requirements of the law specified in that section 77, and notwithstanding the requirement of any other law or regulation to the contrary.

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

(a) retired on a disability pension; or

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

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

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

"Retired employee and the employee's dependents" may, upon adoption of an appropriate resolution therefor by the participating employer, also include otherwise eligible employees, and their dependents, who retired from one or more State or locally-administered retirement systems prior to the date that the employer became a participating employer in the New Jersey State Health Benefits Program or who did not elect to continue coverage in the program during such time after the employer became a participating employer that the employer did not pay premium or periodic charges for benefits to retired employees and their dependents pursuant to this section. Eligibility and enrollment of such employees and dependents shall be in accordance with such rules and regulations as may be adopted by the State Health Benefits Commission.

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

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

c. Notwithstanding the provisions of any other law to the contrary, the payment obligations of an employee of an employer other than the State, except an independent State authority, board, commission, corporation, agency, or organization, for health benefits coverage under subsection b. shall be the payment obligations applicable to the employee on the date the employee retires on a disability pension or the date the employee meets the service credit and service requirements for the employer payment for the coverage, as the case may be.

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

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

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

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

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

Commencing on the effective date of P.L. , c. (pending before the Legislature as this bill) and upon the expiration of any applicable binding collective negotiations agreement in force on that effective date, employees shall pay no more than three percent of their base salary for individual coverage four percent of their base salary for individual and adult or individual and children coverage, and five percent of their base salary for family coverage, through the withholding of the contribution from the pay, salary or other compensation, for health care benefits coverage provided pursuant to P.L.2007, c.103 (C.52:14-17.46.1 et seq.), as that contribution may be required by an applicable resolution, collective negotiations agreement, or other means. This paragraph shall apply notwithstanding the provisions of section 77 of P.L.2011, c.78 (C.52:14-17.28e) to the extent that it requires the inclusion of contribution levels in collective negotiations agreements after full implementation of the requirements of the law specified in that section 77, and notwithstanding the requirement of any other law or regulation to the contrary.

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

d. Notwithstanding any law to the contrary and except as provided by amendment by P.L.2010, c.2, and by P.L.2011, c.78, the payment in full of premium or periodic charges for eligible retirees and their dependents pursuant to 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) shall be continued without alteration or interruption and there shall be no premium sharing or periodic charges for certain school employees in retirement once they have met the criteria for vesting for pension benefits, which criteria for purposes of this subsection only shall mean the criteria for vesting in the Teachers' Pension and Annuity Fund. For purposes of this subsection, "premium sharing or periodic charges" shall mean payments by eligible retirees based upon a proportion of the premiums for health care benefits.

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

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

STATEMENT

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

This bill requires all local boards of education to offer to their employees the option to select one of at least four levels of coverage each for individual, individual and other adult, individual and children, and family, or equivalent categories, for each plan offered, differentiated by out of pocket costs to employees including co-payments and deductibles. The bill requires that school districts providing health care benefits coverage to their employees calculate the premiums for that coverage in the same manner as premiums are calculated for the School Employees’ Health Benefits Program. Also, the bill requires that coverage for the employees of school districts and their dependents continue during the two months following termination of service if the service is terminated, other than for cause, at any time during the school year, provided that the employee makes a monthly payment in the same amount as the monthly payment made during employment.

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

The bill:

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

prohibits the use of a retroactive salary increase to calculate the employee’s contribution;

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

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

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

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

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

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

The bill requires that a school district that deducts contributions for health care benefits specify in its budget and supporting documents: the types and extent of health insurance coverage provided to its employees; the total cost of premiums of each type of coverage provided; the total projected employee contributions for each type of coverage offered; and, the total cost of coverage broken out by employer and employee. The school district must also clearly delineate in its budget and audit documents all fees paid to insurance brokers or agents.

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

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