

ASSEMBLY, No. 1251

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

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District 15 (Hunterdon and Mercer)

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Co-Sponsored by:

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Assemblywoman Chaparro, Assemblyman Chiaravalloti, Assemblywomen
Jasey, Tucker, Assemblyman Verrelli, Assemblywomen Vainieri Huttie,
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Assemblymen Karabinchak, Clifton, Assemblywoman Jimenez,
Assemblymen McKeon, Mejia, Calabrese, Kennedy, S.Kean, Mukherji,
Assemblywoman Speight, Assemblyman Tully, Assemblywomen Swain,
Lopez, Assemblymen Freiman and McGuckin**

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.

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

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

8
 9 1. Section 3 of P.L.2007, c.62 (C.18A:7F-38) is amended to
 10 read as follows:

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

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

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

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

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

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

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

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

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

Matter underlined thus is new matter.

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

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

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

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

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

27

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

30 2. Any local board of education may directly or indirectly
31 through a trust fund or otherwise enter into contracts of group life,
32 accidental death and dismemberment, hospitalization, medical,
33 surgical, major medical expense, minimum premium insurance
34 policy or health and accident insurance with any insurance company
35 or companies authorized to do business in this State, or may
36 contract with a nonprofit hospital service, medical service or health
37 service corporation with respect to the benefits which they are
38 authorized to provide respectively. Such contract or contracts shall
39 provide any one or more of such coverages for the employees of the
40 local board of education and may include their dependents. A local
41 board of education may enter into a contract or contracts to provide
42 drug prescription and other health care benefits, or enter into a
43 contract or contracts to provide drug prescription and other health
44 care benefits as may be required to implement a duly executed
45 collective negotiations agreement, or as may be required to
46 implement a determination by a local board of education to provide
47 such benefit or benefits to employees not included in collective

1 negotiations units. Nothing herein contained shall be deemed to
2 authorize coverage of dependents of an employee under a group life
3 insurance policy or to allow the issuance of a group life insurance
4 policy under which the entire premium is to be derived from funds
5 contributed by the insured employee.

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

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

20 The premiums for health care benefits coverage provided in
21 accordance with this section, or through a joint insurance fund or
22 any other means, shall be calculated in the manner that premiums
23 are calculated for the School Employees' Health Benefits Program.
24 (cf: P.L.1995, c.74, s.4)

25

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

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

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

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

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

46 d. (1) The term "employee" means a person employed in any
47 full time capacity by an employer, and shall include persons defined

1 as a school employee by the regulations of the State Health Benefits
2 Commission in effect on the effective date of the School
3 Employees' Health Benefits Program Act. "Full-time" shall have the
4 same meaning as in the regulation of the State Health Benefits
5 Commission regarding local coverage in effect on the effective date
6 of the School Employees' Health Benefits Program Act.

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

42 e. The term "dependents" means an employee's spouse,
43 domestic partner, or partner in a civil union couple, and unmarried
44 children under the age of **[23]** 26 years who live in a regular
45 parent/child relationship. "Children" shall include stepchildren,
46 legally adopted children and children placed by the Division of
47 Youth and Family Services in the Department of Children and

1 Families, provided they are reported for coverage and are wholly
2 dependent upon the employee for support and maintenance. A
3 spouse, domestic partner, partner in a civil union couple, or child
4 enlisting or inducted into military service shall not be considered a
5 dependent during the military service. The term "dependents" shall
6 not include spouses, domestic partners, or partners in a civil union
7 couple, of retired persons who are otherwise eligible for the benefits
8 under the School Employees' Health Benefits Program but who,
9 although they meet the age or disability eligibility requirement of
10 Medicare, are not covered by Medicare Hospital Insurance, also
11 known as Medicare Part A, and Medicare Medical Insurance, also
12 known as Medicare Part B.

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

23 g. The term "hospital" means:

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

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

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

44 i. The term "managed care plan" means a health care plan
45 under which comprehensive health care services and supplies are
46 provided to eligible employees, retirees, and dependents: (1)
47 through a group of doctors and other providers employed by the

1 plan; or (2) through an individual practice association, preferred
2 provider organization, or point of service plan under which services
3 and supplies are furnished to plan participants through a network of
4 doctors and other providers under contracts or agreements with the
5 plan on a prepayment or reimbursement basis and which may
6 provide for payment or reimbursement for services and supplies
7 obtained outside the network. The plan may be provided on an
8 insured basis through contracts with carriers or on a self-insured
9 basis, and may be operated and administered by the State or by
10 carriers under contracts with the State.

11 j. The term "successor plan" means a managed care plan that
12 shall replace the "traditional plan," as defined in section 2 of
13 P.L.1961, c.49 (C.52:14-17.26), and that shall provide benefits as
14 set forth in section 36 of P.L.2007, c.103 (C.52:14-17.46.6), and
15 provide out-of-network benefits to participants with a payment by
16 the plan of 80% of reasonable and customary charges as set forth in
17 section 37 of P.L.2007, c.103 (C.52:14-17.46.7) and as may be
18 adjusted in accordance with section 40 of P.L.2007, c.103 (C.52:14-
19 17.46.10).

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

21

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

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

- 1 b. The services covered hereunder by the School Employees'
2 Health Benefits Program shall include:
- 3 (1) Physician services, including:
4 (a) Inpatient services, including:
5 (i) medical care including consultations;
6 (ii) surgical services and services related thereto; and
7 (iii) obstetrical services including normal delivery, cesarean
8 section, and abortion.
- 9 (b) Outpatient/out-of-hospital services, including:
10 (i) office visits for covered services and care;
11 (ii) allergy testing and related diagnostic/therapy services;
12 (iii) dialysis center care;
13 (iv) maternity care;
14 (v) well child care;
15 (vi) child immunizations/lead screening;
16 (vii) routine adult physicals including pap, mammography, and
17 prostate examinations; and
18 (viii) annual routine obstetrical/gynecological exam.
- 19 (2) Hospital services, both inpatient and outpatient, including:
20 (a) room and board;
21 (b) intensive care and other required levels of care;
22 (c) semi-private room;
23 (d) therapy and diagnostic services;
24 (e) surgical services or facilities and treatment related thereto;
25 (f) nursing care;
26 (g) necessary supplies, medicines, and equipment for care; and
27 (h) maternity care and related services.
- 28 (3) Other facility and services, including:
29 (a) approved treatment centers for medical
30 emergency/accidental injury;
31 (b) approved surgical center;
32 (c) hospice;
33 (d) chemotherapy;
34 (e) diagnostic x-ray and lab tests;
35 (f) ambulance;
36 (g) durable medical equipment;
37 (h) prosthetic devices;
38 (i) foot orthotics;
39 (j) diabetic supplies and education; and
40 (k) oxygen and oxygen administration.
- 41 c. Benefits under the contract or contracts purchased as
42 authorized by the School Employees' Health Benefits Program Act
43 shall include those for the treatment of alcoholism where such
44 treatment is prescribed by a physician and shall also include
45 treatment while confined in or as an outpatient of a licensed
46 hospital or residential treatment program which meets minimum
47 standards of care equivalent to those prescribed by the Joint

1 Commission on Hospital Accreditation. No benefits shall be
2 provided beyond those stipulated in the contracts held by the School
3 Employees' Health Benefits Commission.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 (h) In the fifth year following the initial appointment of all of its
17 members, the commission shall, as part of the fifth year audit and
18 review undertaken pursuant to section 40 of that act (C.52:14-
19 17.46.10), review the prescription drug program established in this
20 subsection and may make changes in the program pursuant to the
21 terms of section 40 by majority vote of the full authorized
22 membership of the commission.

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

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

44 There shall be appropriated annually for each State fiscal year,
45 through the annual appropriations act, such amounts as shall be
46 necessary as funding by the State with regard to retirees who have

1 enrolled in a high deductible health plan that conforms with Internal
2 Revenue Code Section 223.
3 (cf: P.L.2011, c.78, s.48)
4

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

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

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

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

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

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

45 An officer or employee of local board of education paid on a 10-
46 month basis, pursuant to an annual contract, and whose service with
47 the employer is terminated at the end of the contract year, having

1 served during all of the months of the year as prescribed by the
2 contract, shall be entitled to coverage comparable to that of an
3 employee paid on a 12-month basis. Coverage for the employee
4 and the dependents shall continue during the two months of the year
5 in which the employee is not paid provided that proper payment is
6 made for dependent coverage as may be required by the employer.

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

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

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

26
27 6. Section 9 of P.L.1970, c. 231 (C.52:14-17.32c) is amended
28 to read as follows:

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

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

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

1 7. (New section) a. As used in this section, “employer”
2 means a local school district, regional school district, county
3 vocational school district, county special services school district,
4 jointure commission, educational services commission, school
5 district under partial or full State intervention, charter school, any
6 officer, board, or commission under the authority of the
7 Commissioner of Education or the State Board of Education, and
8 any other public entity which is established pursuant to authority
9 provided by Title 18A of the New Jersey Statutes, but excluding
10 State public institutions of higher education and those public
11 entities where the employer is the State of New Jersey.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

33 Commencing on the effective date of P.L. , c. (pending
34 before the Legislature as this bill) and upon the expiration of any
35 applicable binding collective negotiations agreement in force on
36 that effective date, employees of a local board of education shall
37 pay no more than three percent of their base salary for individual
38 coverage, four percent of their base salary for individual and adult
39 or individual and children coverage, and five percent of their base
40 salary for family coverage, through the withholding of the
41 contribution from the pay, salary or other compensation, for health
42 care benefits coverage provided pursuant to P.L.1979, c.391
43 (C.18A:16-12 et seq.), as that contribution may be required by an
44 applicable resolution, collective negotiations agreement, or other
45 means. This paragraph shall apply notwithstanding the provisions
46 of section 78 of P.L.2011, c.78 (C.18A:16-17.2) to the extent that it
47 requires the inclusion of contribution levels in collective

1 negotiations agreements after full implementation of the
2 requirements of the law specified in that section 78, and
3 notwithstanding the requirement of any other law or regulation to
4 the contrary.

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

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

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

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

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

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

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

43
44 10. N.J.S. 40A:10-21 is amended to read as follows:

45 40A:10-21. a. Any employer entering into a contract pursuant
46 to this subarticle is hereby authorized to pay part or all of the
47 premiums or charges for the contracts and may appropriate out of

1 its general funds any money necessary to pay premiums or charges
2 or portions thereof. The contribution required of any employee
3 toward the cost of coverage may be deducted from the pay, salary
4 or other compensation of the employee upon an authorization in
5 writing made to the appropriate disbursing officer.

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

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

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

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

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

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

44
45 11. Section 6 of P.L.1996, c.8 (C.52:14-17.28b) is amended to
46 read as follows:

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

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

35 (2) Notwithstanding the provisions of any other law to the
36 contrary, and except as otherwise provided by section 8 of
37 P.L.1961, c.49 (C.52:14-17.32) as amended by P.L.2005, c.341, and
38 by subsection c. of this section, for each State employee who
39 accrues 25 years of nonconcurrent service credit in one or more
40 State or locally-administered retirement systems on or after July 1,
41 1997, excepting the employee who elects deferred retirement, the
42 State, upon the employee's retirement, shall pay the premium or
43 periodic charges for the health benefits provided to a retired State
44 employee and dependents covered under the State Health Benefits
45 Program, but not including survivors, and shall reimburse the
46 retired employee for premium charges under Part B of Medicare
47 covering the retired employee and the employee's spouse: (a) in

1 accordance with the provisions, if any, concerning health benefits
2 coverage in retirement which are in the collective negotiations
3 agreement applicable to the employee at the time of the employee's
4 accrual of 25 years of nonconcurrent service credit in one or more
5 State or locally-administered retirement systems, or (b) if the
6 employee has no majority representative for collective negotiations
7 purposes, in a manner consistent with the terms, if any, concerning
8 health benefits coverage in retirement which are in any collective
9 negotiations agreement deemed applicable by the State Health
10 Benefits Commission to that employee at the time of the employee's
11 accrual of 25 years of nonconcurrent service credit in one or more
12 State or locally-administered retirement systems. The terms for the
13 payment of premiums or periodic charges established pursuant to
14 this paragraph for the traditional plan shall apply to the successor
15 plan, and the terms for the payment of premiums or periodic
16 charges established pursuant to this paragraph for the NJ PLUS plan
17 shall apply to the State managed care plan required to be included
18 in a contract entered into pursuant to subsection c. of section 4 of
19 P.L.1961, c.49 (C.52:14-17.28).

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

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

44 Commencing on the effective date of P.L. _____, c. _____ (pending
45 before the Legislature as this bill) and upon the expiration of any
46 applicable binding collective negotiations agreement in force on
47 that effective date, the amount of the contribution required pursuant

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

15 The amount of the contribution required pursuant to paragraph
16 (1) of this subsection as to State employees for whom there is no
17 majority representative for collective negotiations purposes shall be
18 determined in a manner consistent with the terms, if any,
19 concerning health benefits coverage which are in a collective
20 negotiations agreement deemed applicable by the commission to the
21 employee. The amount of the contribution required pursuant to
22 paragraph (1) of this subsection as to employees of an independent
23 State authority, board, commission, corporation, agency, or
24 organization for whom there is no majority representative for
25 collective negotiations purposes shall be determined in a manner
26 consistent with the terms, if any, concerning health benefits
27 coverage which are in a collective negotiations agreement deemed
28 applicable by the employer to the employee. The amount of the
29 contribution required pursuant to paragraph (1) of this subsection as
30 to State employees or employees of an independent State authority,
31 board, commission, corporation, agency, or organization for whom
32 there is no majority representative for collective negotiations
33 purposes shall be 1.5 percent of base salary, notwithstanding any
34 other amount that may be required additionally pursuant to this
35 paragraph by means of the application of the terms of a binding
36 collective negotiations agreement.

37 Commencing on the effective date of P.L. _____, c. _____ (pending
38 before the Legislature as this bill) and upon the expiration of any
39 applicable binding collective negotiations agreement in force on
40 that effective date, the amount of the contribution required pursuant
41 to paragraph (1) of this subsection as to State employees or
42 employees of an independent State authority, board, commission,
43 corporation, agency, or organization for whom there is no majority
44 representative for collective negotiations purposes shall be no more
45 than three percent of their base salary for individual coverage, four
46 percent of their base salary for individual and adult or individual
47 and children coverage, and five percent of their base salary for

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

8 (3) Except as provided in paragraph (5) of this subsection, the
9 cost of benefits provided pursuant to P.L.1961, c.49 (C.52:14-
10 17.25 et seq.) shall be shared by retirees to whom this subsection
11 applies through the withholding of a contribution in an amount as
12 determined in accordance with paragraph (4) of this subsection.

13 (4) The amount of the contribution required pursuant to
14 paragraph (3) of this subsection as to State employees and
15 employees of an independent State authority, board, commission,
16 corporation, agency, or organization for whom there is a majority
17 representative for collective negotiations purposes who accrue 25
18 years of nonconcurrent service credit in one or more State or
19 locally-administered retirement systems on or after July 1, 2007,
20 and who retire on or after July 1, 2007, excepting employees who
21 elect deferred retirement, but including those who retire on a
22 disability pension after July 1, 2007, shall be determined by means
23 of a binding collective negotiations agreement applicable at the
24 time of the employee's accrual of 25 years of nonconcurrent service
25 credit in one or more State or locally-administered retirement
26 systems. The amount of the contribution required pursuant to
27 paragraph (3) of this subsection as to State employees or employees
28 of an independent State authority, board, commission, corporation,
29 agency, or organization for whom there is no majority
30 representative for collective negotiations purposes who accrue 25
31 years of nonconcurrent service credit in one or more State or
32 locally-administered retirement systems on or after July 1, 2007,
33 and who retire on or after July 1, 2007, excepting employees who
34 elect deferred retirement, but including those who retire on a
35 disability pension after July 1, 2007, shall be determined in a
36 manner consistent with the terms, if any, concerning health benefits
37 coverage in retirement which are in any collective negotiations
38 agreement deemed applicable by the commission to that employee
39 at the time of the employee's accrual of 25 years of nonconcurrent
40 service credit in one or more State or locally-administered
41 retirement systems, except that for employees who accrue 25 years
42 of nonconcurrent service credit in one or more State or locally-
43 administered retirement systems in the period beginning July 1,
44 2007, and ending June 30, 2011, the contribution shall be 1.5
45 percent of the monthly retirement allowance, including any future
46 cost-of-living adjustments, or, with respect to retirees for whom
47 there is no majority representative and who are members of the

1 alternate benefit program, an amount determined pursuant to a
2 formula developed by the commission that shall be designed to
3 result in a contribution that is comparable to the contribution that
4 applies to retirees who are not members of the alternate benefit
5 program.

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

18 (6) Any employee or retiree from whom withholding of a
19 contribution is required pursuant to this subsection shall not be
20 required to pay any percentage of the premiums or periodic charges
21 for health care benefits provided under P.L.1961, c.49 (C.52:14-
22 17.25 et seq.), other than dental benefits.

23 (7) The contribution required pursuant to this subsection may be
24 terminated only upon withdrawal from all health care benefits
25 coverage as an employee or retiree, other than coverage for dental
26 benefits, and the submission to the commission of written
27 certification by the employee that the employee is covered by other
28 health care benefits and that those benefits are in force. The
29 commission shall not apply the written certification requirement to
30 retirees or to employees to whom Article VI, Section VI, paragraph
31 6 of the New Jersey Constitution applies.

32 d. The amount of contribution required pursuant to paragraph
33 (3) of subsection c. of this section in retirement as to a State
34 employee and employee of an independent State authority, board,
35 commission, corporation, agency, or organization who becomes a
36 member of a State or locally-administered retirement system on or
37 after the effective date of P.L.2010, c.2, for whom there is a
38 majority representative for collective negotiations purposes and for
39 whom there is no such representative, shall be 1.5 percent of the
40 retiree's monthly retirement allowance, including any future cost-of-
41 living adjustments, or with respect to members of the alternate
42 benefit program, an amount determined pursuant to the formula
43 specified in paragraph (4) of subsection c. of this section,
44 notwithstanding any other amount that may be required additionally
45 pursuant to paragraph (4) of subsection c. of this section by means
46 of a binding collective negotiations agreement or by means of the
47 application of the terms of such an agreement. The contribution

1 required by this subsection or pursuant to paragraph (4) of
2 subsection c. of this section for officers or employees specified in
3 this subsection shall not be waived for a retiree who participates in
4 the New Jersey Retirees' Wellness Program.

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

6
7 12. Section 7 of P.L.1964, c.125 (C.52:14-17.38) is amended to
8 read as follows:

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

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

36 Commencing on the effective date of P.L. , c. (pending
37 before the Legislature as this bill) and upon the expiration of any
38 applicable binding collective negotiations agreement in force on
39 that effective date, employees of an employer other than the State
40 shall pay no more than three percent of their base salary for
41 individual coverage, four percent of their base salary for individual
42 and adult or individual and children coverage, and five percent of
43 their base salary for family coverage, through the withholding of
44 the contribution from the pay, salary or other compensation, for
45 health care benefits coverage provided pursuant to P.L.1961, c.49
46 (C.52:14-17.25 et seq.), as that contribution may be required by an
47 applicable resolution, ordinance, collective negotiations agreement,

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

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

19 (a) retired on a disability pension; or

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

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

35 (d) retired and reached the age of 62 years or older with at least
36 15 years of service with the employer, excluding service credited
37 under the Defined Contribution Retirement Program.

38 "Retired employee and the employee's dependents" may, upon
39 adoption of an appropriate resolution therefor by the participating
40 employer, also include otherwise eligible employees, and their
41 dependents, who retired from one or more State or locally-
42 administered retirement systems prior to the date that the employer
43 became a participating employer in the New Jersey State Health
44 Benefits Program or who did not elect to continue coverage in the
45 program during such time after the employer became a participating
46 employer that the employer did not pay premium or periodic
47 charges for benefits to retired employees and their dependents

1 pursuant to this section. Eligibility and enrollment of such
2 employees and dependents shall be in accordance with such rules
3 and regulations as may be adopted by the State Health Benefits
4 Commission.

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

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

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

1 retires on a disability pension or the date the employee meets the
2 service credit and service requirements for the employer payment
3 for the coverage, as the case may be.
4 (cf: P.L.2010, c.2, s.5)

5
6 13. Section 39 of P.L.2007, c.103 (C.52:14-17.46.9) is amended
7 to read as follows:

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

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

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

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

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

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

15 d. Notwithstanding any law to the contrary and except as
16 provided by amendment by P.L.2010, c.2, and by P.L.2011, c.78,
17 the payment in full of premium or periodic charges for eligible
18 retirees and their dependents pursuant to section 3 of P.L.1987,
19 c.384 (C.52:14-17.32f), section 2 of P.L.1992, c.126 (C.52:14-
20 17.32f1), or section 1 of P.L.1995, c.357 (C.52:14-17.32f2) shall be
21 continued without alteration or interruption and there shall be no
22 premium sharing or periodic charges for certain school employees
23 in retirement once they have met the criteria for vesting for pension
24 benefits, which criteria for purposes of this subsection only shall
25 mean the criteria for vesting in the Teachers' Pension and Annuity
26 Fund. For purposes of this subsection, "premium sharing or periodic
27 charges" shall mean payments by eligible retirees based upon a
28 proportion of the premiums for health care benefits.
29 (cf: P.L.2011, c.78, s.54)

30
31 14. This act shall take effect on the first day of the fourth month
32 following enactment.
33
34

35 STATEMENT

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

43 This bill requires all local boards of education to offer to their
44 employees the option to select one of at least four levels of
45 coverage each for individual, individual and other adult, individual
46 and children, and family, or equivalent categories, for each plan
47 offered, differentiated by out of pocket costs to employees

1 including co-payments and deductibles. The bill requires that school
2 districts providing health care benefits coverage to their employees
3 calculate the premiums for that coverage in the same manner as
4 premiums are calculated for the School Employees' Health Benefits
5 Program. Also, the bill requires that coverage for the employees of
6 school districts and their dependents continue during the two
7 months following termination of service if the service is terminated,
8 other than for cause, at any time during the school year, provided
9 that the employee makes a monthly payment in the same amount as
10 the monthly payment made during employment.

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

19 The bill:

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

24 prohibits the use of a retroactive salary increase to calculate the
25 employee's contribution;

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

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

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

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

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

44 The bill also revises the health care cost adjustment available to
45 a school district under its tax levy growth limitation. The
46 adjustment will no longer be limited by the average percentage
47 increase under the State Health Benefits Program; and health care

1 costs under the adjustment will include medical, prescription,
2 vision, and dental costs, and any increases in costs due to decreases
3 in employee contributions for health care.

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

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

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