

SENATE, No. 856

STATE OF NEW JERSEY
219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Senator STEPHEN M. SWEENEY

District 3 (Cumberland, Gloucester and Salem)

Senator STEVEN V. OROHO

District 24 (Morris, Sussex and Warren)

SYNOPSIS

Transfers county college employees and retirees from membership in SEHBP to membership in SHBP.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT concerning health care benefits for county college
2 employees and retirees and amending P.L.1961, c.49, P.L.2007,
3 c.103, and P.L.1992, c.126.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. Section 2 of P.L.1961, c.49 (C.52:14-17.26) is amended to
9 read as follows:

10 2. As used in P.L.1961, c.49 (C.52:14-17.26 et seq.):

11 (a) The term "State" means the State of New Jersey.

12 (b) The term "commission" means the State Health Benefits
13 Commission, created by section 3 of P.L.1961, c.49 (C.52:14-
14 17.27).

15 (c) (1) The term "employee" means an appointive or elective
16 officer, a full-time employee of the State of New Jersey, or a full-
17 time employee of an employer other than the State who appears on
18 a regular payroll and receives a salary or wages for an average of
19 the number of hours per week as prescribed by the governing body
20 of the participating employer which number of hours worked shall
21 be considered full-time, determined by resolution, and not less than
22 20.

23 (2) After the effective date of P.L.2010, c.2, the term
24 "employee" means (i) a full-time appointive or elective officer
25 whose hours of work are fixed at 35 or more per week, a full-time
26 employee of the State, or a full-time employee of an employer other
27 than the State who appears on a regular payroll and receives a
28 salary or wages for an average of the number of hours per week as
29 prescribed by the governing body of the participating employer
30 which number of hours worked shall be considered full-time,
31 determined by resolution, and not less than 25, or (ii) an appointive
32 or elective officer, an employee of the State, or an employee of an
33 employer other than the State who has or is eligible for health
34 benefits coverage provided under P.L.1961, c.49 (C.52:14-17.25 et
35 seq.) or sections 31 through 41 of P.L.2007, c.103 (C.52:14-17.46.1
36 et seq.) on that effective date and continuously thereafter provided
37 the officer or employee is covered by the definition in paragraph (1)
38 of this subsection. For the purposes of this act an employee of
39 Rutgers, The State University of New Jersey, shall be deemed to be
40 an employee of the State, and an employee of the New Jersey
41 Institute of Technology shall be considered to be an employee of
42 the State during such time as the Trustees of the Institute are party
43 to a contractual agreement with the State Treasurer for the provision
44 of educational services. The term "employee" shall further mean,
45 for purposes of this act, a former employee of the South Jersey Port

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 Corporation, who is employed by a subsidiary corporation or other
2 corporation, which has been established by the Delaware River Port
3 Authority pursuant to subdivision (m) of Article I of the compact
4 creating the Delaware River Port Authority (R.S.32:3-2), as defined
5 in section 3 of P.L.1997, c.150 (C.34:1B-146), and who is eligible
6 for continued membership in the Public Employees' Retirement
7 System pursuant to subsection j. of section 7 of P.L.1954, c.84
8 (C.43:15A-7). The term "employee" shall also include an employee
9 of a New Jersey county college.

10 For the purposes of this act the term "employee" shall not
11 include persons employed on a short-term, seasonal, intermittent or
12 emergency basis, persons compensated on a fee basis, persons
13 having less than two months of continuous service or persons whose
14 compensation from the State is limited to reimbursement of
15 necessary expenses actually incurred in the discharge of their
16 official duties, provided, however, that the term "employee" shall
17 include persons employed on an intermittent basis to whom the
18 State has agreed to provide coverage under P.L.1961, c.49
19 (C.52:14-17.25 et seq.) in accordance with a binding collective
20 negotiations agreement. An employee paid on a 10-month basis,
21 pursuant to an annual contract, will be deemed to have satisfied the
22 two-month waiting period if the employee begins employment at
23 the beginning of the contract year. The term "employee" shall also
24 not include retired persons who are otherwise eligible for benefits
25 under this act but who, although they meet the age or disability
26 eligibility requirement of Medicare, are not covered by Medicare
27 Hospital Insurance, also known as Medicare Part A, and Medicare
28 Medical Insurance, also known as Medicare Part B. A determination
29 by the commission that a person is an eligible employee within the
30 meaning of this act shall be final and shall be binding on all parties.

31 (d) (1) The term "dependents" means an employee's spouse,
32 partner in a civil union couple or an employee's domestic partner as
33 defined in section 3 of P.L.2003, c.246 (C.26:8A-3), and the
34 employee's unmarried children under the age of 23 years who live
35 with the employee in a regular parent-child relationship. "Children"
36 shall include stepchildren, legally adopted children and children
37 placed by the Division of Child Protection and Permanency in the
38 Department of Children and Families, provided they are reported
39 for coverage and are wholly dependent upon the employee for
40 support and maintenance. A spouse, partner in a civil union couple,
41 domestic partner or child enlisting or inducted into military service
42 shall not be considered a dependent during the military service. The
43 term "dependents" shall not include spouses, partners in a civil
44 union couple or domestic partners of retired persons who are
45 otherwise eligible for the benefits under this act but who, although
46 they meet the age or disability eligibility requirement of Medicare,
47 are not covered by Medicare Hospital Insurance, also known as

1 Medicare Part A, and Medicare Medical Insurance, also known as
2 Medicare Part B.

3 (2) Notwithstanding the provisions of paragraph (1) of this
4 subsection to the contrary and subject to the provisions of paragraph
5 (3) of this subsection, for the purposes of an employer other than
6 the State that is participating in the State Health Benefits Program
7 pursuant to section 3 of P.L.1964, c.125 (C.52:14-17.34), the term
8 "dependents" means an employee's spouse or partner in a civil
9 union couple and the employee's unmarried children under the age
10 of 23 years who live with the employee in a regular parent-child
11 relationship. "Children" shall include stepchildren, legally adopted
12 children and children placed by the Division of Child Protection
13 and Permanency in the Department of Children and Families
14 provided they are reported for coverage and are wholly dependent
15 upon the employee for support and maintenance. A spouse, partner
16 in a civil union couple or child enlisting or inducted into military
17 service shall not be considered a dependent during the military
18 service. The term "dependents" shall not include spouses or partners
19 in a civil union couple of retired persons who are otherwise eligible
20 for benefits under P.L.1961, c.49 (C.52:14-17.25 et seq.) but who,
21 although they meet the age or disability eligibility requirement of
22 Medicare, are not covered by Medicare Hospital Insurance, also
23 known as Medicare Part A, and Medicare Medical Insurance, also
24 known as Medicare Part B.

25 (3) An employer other than the State that is participating in the
26 State Health Benefits Program pursuant to section 3 of P.L.1964,
27 c.125 (C.52:14-17.34) may adopt a resolution providing that the
28 term "dependents" as defined in paragraph (2) of this subsection
29 shall include domestic partners as provided in paragraph (1) of this
30 subsection.

31 (e) The term "carrier" means a voluntary association,
32 corporation or other organization, including a health maintenance
33 organization as defined in section 2 of the "Health Maintenance
34 Organizations Act," P.L.1973, c.337 (C.26:2J-2), which is lawfully
35 engaged in providing or paying for or reimbursing the cost of,
36 personal health services, including hospitalization, medical and
37 surgical services, under insurance policies or contracts, membership
38 or subscription contracts, or the like, in consideration of premiums
39 or other periodic charges payable to the carrier.

40 (f) The term "hospital" means (1) an institution operated
41 pursuant to law which is primarily engaged in providing on its own
42 premises, for compensation from its patients, medical diagnostic
43 and major surgical facilities for the care and treatment of sick and
44 injured persons on an inpatient basis, and which provides such
45 facilities under the supervision of a staff of physicians and with 24
46 hour a day nursing service by registered graduate nurses, or (2) an
47 institution not meeting all of the requirements of (1) but which is
48 accredited as a hospital by the Joint Commission on Accreditation

1 of Hospitals. In no event shall the term "hospital" include a
2 convalescent nursing home or any institution or part thereof which
3 is used principally as a convalescent facility, residential center for
4 the treatment and education of children with mental disorders, rest
5 facility, nursing facility or facility for the aged or for the care of
6 drug addicts or alcoholics.

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

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

25 (i) The term "traditional plan" means a health care plan which
26 provides basic benefits, extended basic benefits and major medical
27 expense benefits as set forth in section 5 of P.L.1961, c.49
28 (C.52:14-17.29) by indemnifying eligible employees, retirees, and
29 dependents for expenses for covered health care services and
30 supplies through payments to providers or reimbursements to
31 participants.

32 (j) The term "successor plan" means a State managed care plan
33 that shall replace the traditional plan and that shall provide benefits
34 as set forth in subsection (B) of section 5 of P.L.1961, c.49
35 (C.52:14-17.29) with provisions regarding reimbursements and
36 payments as set forth in paragraph (1) of subsection (C) of section 5
37 of P.L.1961, c.49 (C.52:14-17.29).

38 (cf: P.L.2012, c.16, s.137)

39
40 2. Section 32 of P.L.2007, c.103 (C.52:14-17.46.2) is amended
41 to read as follows:

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

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

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

1 c. The term "employer" means local school district, regional
2 school district, county vocational school district, county special
3 services school district, jointure commission, educational services
4 commission, State-operated school district, charter school, [county
5 college,] any officer, board, or commission under the authority of
6 the Commissioner of Education or of the State Board of Education,
7 and any other public entity which is established pursuant to
8 authority provided by Title 18A of the New Jersey Statutes, but
9 excluding the State public institutions of higher education and
10 excluding those public entities where the employer is the State of
11 New Jersey.

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

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

1 Medicare Medical Insurance, also known as Medicare Part B. A
2 determination by the commission that a person is an eligible
3 employee for the purposes of the School Employees' Health
4 Benefits Program shall be final and binding on all parties.

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

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

33 g. The term "hospital" means:

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

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

1 facility or facility for the aged or for the care of drug addicts or
2 alcoholics.

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

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

21 j. The term "successor plan" means a managed care plan that
22 shall replace the "traditional plan," as defined in section 2 of
23 P.L.1961, c.49 (C.52:14-17.26), and that shall provide benefits as
24 set forth in section 36 of P.L.2007, c.103 (C.52:14-17.46.6), and
25 provide out-of-network benefits to participants with a payment by
26 the plan of 80% of reasonable and customary charges as set forth in
27 section 37 of P.L.2007, c.103 (C.52:14-17.46.7) and as may be
28 adjusted in accordance with section 40 of P.L.2007, c.103 (C.52:14-
29 17.46.10).

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

31

32 3. Section 2 of P.L.1992, c.126 (C.52:14-17.32f1) is amended
33 to read as follows:

34 2. The provisions of section 3 of P.L.1987, c.384 (C.52:14-
35 17.32f) shall apply to:

36 a. any employee of a board of education who retires on a
37 benefit or benefits based in the aggregate upon 25 or more years of
38 nonconcurrent service credit in one or more State or locally-
39 administered retirement systems, or retires on a disability pension
40 based upon fewer years of service credit in that system or systems,
41 or elected deferred retirement based in the aggregate upon 25 or
42 more years of nonconcurrent service credit in one or more State or
43 locally-administered retirement systems and receives a retirement
44 allowance from that system or systems;

45 b. any employee of a county college who retires on a benefit or
46 benefits based in the aggregate upon 25 or more years of
47 nonconcurrent service credit in one or more State or locally-
48 administered retirement systems, or retires on a disability pension

1 based upon fewer years of service credit in that system or systems,
2 or elected deferred retirement based in the aggregate upon 25 or
3 more years of nonconcurrent service credit in one or more State or
4 locally-administered retirement systems and receives a retirement
5 allowance from that system or systems; or who receives a disability
6 benefit pursuant to section 18 of P.L.1969, c.242 (C.18A:66-184);
7 and

8 c. any employee of a county college who retires on a benefit
9 based upon 10 or more years of service credit in the alternate
10 benefit program P.L.1969, c.242 (C.18A:66-167 et seq.) and who
11 has additional years of service credited in another defined
12 contribution retirement program as an employee of a private
13 institution of higher education which, under contract with a county
14 government, provided services as a county college and subsequently
15 merged with a county technical institute to become a county
16 college, which additional years of service when added to the service
17 credited in the alternate benefit program totals 25 or more years and
18 any such employee who retired prior to the effective date of
19 P.L.1999, c.382 if the employee applies to the program for coverage
20 within one year after the effective date of P.L.1999, c.382.

21 Any employee of a county college who retired before or who
22 retires on or after the effective date of P.L. , c. (pending before
23 the Legislature as this bill) in accordance with subsection b. or
24 subsection c. of this section shall not be eligible to participate in the
25 School Employees' Health Benefits Program, but shall be eligible to
26 participate in the State Health Benefits Program, commencing on
27 that effective date.

28 The costs of the premium or periodic charges for the benefits and
29 reimbursement of Medicare premiums provided to a retiree and the
30 dependents of the retiree under this section shall be paid by the
31 State. An employee who becomes a member of a State or locally-
32 administered retirement system on or after the effective date of
33 P.L.2010, c.2 shall pay as a qualified retiree 1.5 percent of the
34 retiree's monthly retirement allowance, including any future cost-of-
35 living adjustments, through the withholding of the contribution, for
36 health benefits coverage provided under P.L.2007, c.103 (C.52:14-
37 17.46.1 et seq.) and the State shall pay the remainder of the
38 premium or periodic charges for benefits provided to a qualified
39 retiree and the dependents of the retiree, and the cost for
40 reimbursement of Medicare premiums.

41 (cf: P.L.2010, c.2, s.3)

42
43 4. This act shall take effect on the 60th day after the date of
44 enactment, except that the Division of Pensions and Benefits, the
45 State Health Benefits Commission, and the School Employees'
46 Health Benefits Commission may take anticipatory administrative
47 action in advance as shall be necessary for the implementation of
48 this act.

1 STATEMENT

2

3 This bill will transfer New Jersey county college employees and
4 retirees from membership in the School Employees' Health Benefits
5 Program to membership in the State Health Benefits Program.
6 Program.

7 The School Employees' Health Benefits Program ("SEHBP")
8 offers medical and prescription drug coverage to qualified local
9 education public employees, retirees, and eligible dependents.
10 Under current law, employees and retirees of county colleges and
11 their eligible dependents are eligible to participate in the SEHBP.
12 This bill transfers such membership for employees and retirees of
13 county colleges and their eligible dependents from the SEHBP to
14 the State Health Benefits Program ("SHBP"). The SHBP offers
15 medical and prescription drugs coverage to qualified State and local
16 government public employees, retirees, and eligible dependents.