

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 3045
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: OCTOBER 26, 2020

SUMMARY

- Synopsis:** Allows health insurers to provide certain health benefit plans to local boards of education and eligible employers who do not participate in SEHBP; modifies employee contribution for New Jersey Educators Plan and its equivalent.
- Type of Impact:** Local expenditure increases.
- Agencies Affected:** Local boards of education and eligible local employers.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Local Cost Increase		Indeterminate	

- The Office of Legislative Services (OLS) determines that there will be indeterminate increases in costs for local boards of education and eligible employers due to the reduction in contribution required of those employees who earn more than \$125,000 and are enrolled in the New Jersey Educators Health Plan and its equivalent.
- Under this bill, the annual contribution to be made by an employee earning more than \$125,000 would be capped at the same amount that an employee earning \$125,000 would pay.

BILL DESCRIPTION

This bill allows health insurance companies in this State to provide health care benefit plans that are equivalent to the New Jersey Educators Health Plan and the Garden State Health Plan offered by the School Employees’ Health Benefits Program (SEHBP) to local boards of education and other eligible employers who do not participate in the SEHBP, notwithstanding the provisions of any other law, rule, or regulation to the contrary.

The bill also modifies the contribution to be made by school district employees who earn more than \$125,000 annually to require that they pay the same amount for the New Jersey Educators Health Plan as those who earn \$125,000, rather than a percentage of salary.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS determines that there would be indeterminate increases in costs for local boards of education and eligible employers due to the reduction in contribution for those employees who earn more than \$125,000 and are enrolled in the New Jersey Educators Health Plan and its equivalent. Under current law, the contribution by an employee earning more than \$125,000 per year is a percentage of salary as follows: 3.6 percent for single coverage; 4.4 percent for parent and child coverage; 6.6 percent for employee and spouse coverage; and 7.2 percent for family coverage. Under this bill, the contribution by an employee earning more than \$125,000 would be capped at the same amount that an employee earning \$125,000 would pay.

Section: *State Government*

Analyst: *Kimberly M. Clemmensen*
 Lead Fiscal Analyst

Approved: *Frank W. Haines III*
 Legislative Budget and Finance Officer

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).