

SENATE, No. 3045

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED OCTOBER 19, 2020

Sponsored by:

Senator STEPHEN M. SWEENEY

District 3 (Cumberland, Gloucester and Salem)

Senator JOSEPH P. CRYAN

District 20 (Union)

Co-Sponsored by:

Senators Greenstein, Pou and Singleton

SYNOPSIS

Allows health insurers to provide certain health care benefit plans to local boards of education and eligible employers who do not participate in SEHBP; modifies employee contribution for New Jersey Educators Health Plan and its equivalent.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 11/16/2020)

1 AN ACT concerning the health care benefit plans provided by health
2 insurers to local boards of education and eligible employers who
3 do not participate in the School Employees' Health Benefits
4 Program and amending P.L.2020, c.44.

5

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

8

9 1. Section 2 of P.L.2020, c.44 (C.52:14-17.46.14) is amended to
10 read as follows:

11 2. a. Each employee, and retiree who is not Medicare-eligible
12 and who is required by another provision of law to contribute in
13 retirement toward the cost of health care benefits coverage under the
14 program, shall contribute annually toward the cost of health care
15 benefits coverage for the employee and retiree, and dependents if
16 any, under the New Jersey Educators Health Plan offered by the
17 School Employees' Health Benefits Program an amount equal to a
18 percentage of the employee's annual base salary or retiree's annual
19 retirement allowance, including any cost of living adjustments to that
20 allowance. The contribution shall be withheld by the employer from
21 the salary of the employee or by the retirement system from the
22 retirement allowance, including any cost of living adjustments to that
23 allowance, of the retiree who is not Medicare-eligible. The percent to
24 be contributed shall be as follows with the retirement allowance
25 including any cost of living adjustments to that allowance:

26 For Base Salary or Retirement Allowance of \$40,000 or Less:
27 1.7% for Single Coverage; 2.2% for Parent and Child(ren) Coverage;
28 2.8% for Employee and Spouse Coverage; and 3.3% for Family
29 Coverage

30 For Base Salary or Retirement Allowance of more than \$40,000 to
31 \$50,000: 1.9% for Single Coverage; 2.5% for Parent and Child(ren)
32 Coverage; 3.3% for Employee and Spouse Coverage; and 3.9% for
33 Family Coverage

34 For Base Salary or Retirement Allowance of more than \$50,000 to
35 \$60,000: 2.2% for Single Coverage; 2.8% for Parent and Child(ren)
36 Coverage; 3.9% for Employee and Spouse Coverage; and 4.4% for
37 Family Coverage

38 For Base Salary or Retirement Allowance of more than \$60,000 to
39 \$70,000: 2.5% for Single Coverage; 3% for Parent and Child(ren)
40 Coverage; 4.4% for Employee and Spouse Coverage; and 5% for
41 Family Coverage

42 For Base Salary or Retirement Allowance of more than \$70,000 to
43 \$80,000: 2.8% for Single Coverage; 3.3% for Parent and Child(ren)
44 Coverage; 5% for Employee and Spouse Coverage; and 5.5% for
45 Family Coverage

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 For Base Salary or Retirement Allowance of more than \$80,000 to
2 \$90,000: 3% for Single Coverage; 3.6% for Parent and Child(ren)
3 Coverage; 5.5% for Employee and Spouse Coverage; and 6% for
4 Family Coverage

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

9 For Base Salary or Retirement Allowance of more than \$100,000 to
10 \$125,000: 3.6% for Single Coverage; 4.4% for Parent and Child(ren)
11 Coverage; 6.6% for Employee and Spouse Coverage; and 7.2% for
12 Family Coverage

13 When the base salary or retirement allowance is more than
14 \$125,000, the **[percent]** amount to be contributed shall be the same
15 as for a base salary or retirement allowance of \$125,000.

16 b. Each employee, and retiree who is not Medicare-eligible and
17 who is required by another provision of law to contribute in
18 retirement toward the cost of health care benefits coverage under the
19 program, shall contribute annually toward the cost of health care
20 benefits coverage for the employee and retiree, and dependents if
21 any, under the Garden State Health Plan offered by the School
22 Employees' Health Benefits Program an amount equal to a percentage
23 of the employee's annual salary or retiree's annual retirement
24 allowance, including any cost of living adjustments to that allowance.
25 The contribution shall be withheld by the employer from the salary
26 of the employee or by the retirement system from the retirement
27 allowance, including any cost of living adjustments to that allowance,
28 of the retiree who is not Medicare-eligible. The percent to be
29 contributed shall be one-half of the percentage set forth in subsection
30 a. of this section for the salary or retirement allowance range and type
31 of coverage, except that the contribution specified in this subsection
32 shall not be less than the minimum annual contribution for health care
33 benefits coverage of 1.5% of salary or retirement allowance,
34 including any cost of living adjustments to that allowance, as
35 required by law.

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

45 (2) Only those retirees who are not Medicare-eligible and who are
46 required by another provision of law to contribute in retirement
47 toward the cost of health care coverage under the program shall be
48 required to pay the contribution specified in subsection a. or b. of this

1 section for coverage under the New Jersey Educators Health Plan or
2 the Garden State Health Plan.

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

15 d. Employees who are not enrolled in the New Jersey Educators
16 Health Plan or the Garden State Health Plan shall continue, after the
17 effective date of this act, P.L.2020, c.44, to contribute to health care
18 benefits coverage and those contributions shall be determined in
19 accordance with what is permitted or required by provisions of law.

20 An employee who is enrolled in a plan other than the New Jersey
21 Educators Health Plan or the Garden State Health Plan shall be
22 required to contribute toward the cost of health care benefits
23 coverage under the program (a) in accordance with a collective
24 negotiations agreement applicable to that employee as negotiated
25 prior to or after the effective date of this act, P.L.2020, c.44, pursuant
26 to the requirements that were set forth in law on the day next
27 preceding that effective date; (b) as may be required at the discretion
28 of the employer; or (c) as required by a provision of law, whichever
29 is applicable to that employee.

30 With regard to contributions by an employee who is enrolled in a
31 plan other than the New Jersey Educators Health Plan or the Garden
32 State Health Plan, no provision in this section shall be deemed to
33 modify, alter, impair, or terminate the requirement in sections 77 and
34 78 of P.L.2011, c.78 (C.18A:16-17.2 and C.52:14-17.28e), as
35 applicable, that a public employer and employees who were in
36 negotiations for the collective negotiations agreement to be executed
37 after the employees in that unit had reached full implementation of
38 the premium share set forth in section 39 of P.L.2011, c.78 (C.52:14-
39 17.28c) shall conduct negotiations concerning contributions for
40 health care benefits as if the full premium share was included in the
41 prior contract. Nothing in this act shall be deemed to modify, alter,
42 impair, or terminate the continued compliance after the effective date
43 of this act with that requirement for negotiations for any collective
44 negotiations agreement for employee contributions for plans other
45 than the New Jersey Educators Health Plan or the Garden State
46 Health Plan.

47 e. For an employee, the annual base salary paid by the employer
48 for the position held by the employee shall be used to identify the

1 percentage to be used to calculate the annual contribution required
2 under subsections a. and b. of section 2 of this act. For a retiree who
3 is not Medicare-eligible, the annual retirement allowance, including
4 any cost of living adjustments to that allowance, received by the
5 retiree shall be used to identify the percentage to be used to calculate
6 the annual contribution required under subsections a. and b. of
7 section 2 of this act.

8 f. The annual contribution by an employee or a retiree who is
9 not Medicare-eligible as calculated in accordance with subsection a.
10 or b. of this section shall not exceed the amount as calculated in
11 accordance with section 4 of this act, P.L.2020, c.44 (C.52:14-
12 17.46.16).

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

23 h. For the plan year that commences on January 1, 2028 and for
24 each plan year thereafter, the contributions required pursuant to
25 subsections a. and b. of this section for employees enrolled in the
26 New Jersey Educators Health Plan or the Garden State Health Plan
27 may be modified through collective negotiations agreements entered
28 into between the employers who participate in the School Employees'
29 Health Benefits Program and their employees. The contributions
30 required pursuant to subsections a. and b. of this section shall become
31 part of the parties' collective negotiations and shall then be subject to
32 collective negotiations in a manner similar to other negotiable items
33 between the parties. Negotiations concerning contributions for health
34 care benefits shall be conducted as if the contributions required
35 pursuant to subsections a. and b. of this section were included in the
36 prior contract. The contribution scheme of percentage of base salary
37 set forth in those subsections may be modified or a new contribution
38 scheme or method other than a percentage of salary may be provided
39 for in accordance with a collective negotiations agreement.

40 i. Modifications to the contribution rates set forth in this section
41 made by the School Employees' Health Benefits Plan Design
42 Committee or the State Treasurer pursuant to section 7 of this act
43 shall be implemented by the program for the purposes of this section
44 commencing January 1, 2024.

45 (cf: P.L.2020, c.44, s.2)

46

47 2. Section 5 of P.L.2020, c.44 (C.18A:16-13.2) is amended to
48 read as follows:

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

4 Any health insurance company may provide to local boards of
5 education and to those employers defined pursuant to section 32 of
6 P.L.2007, c.103 (C.52:14-17.46.2) who do not participate in the
7 School Employees' Health Benefits Program the equivalent of the
8 New Jersey Educators Health Plan in the School Employees' Health
9 Benefits Program as that plan design is described in subsection f. of
10 section 1 of P.L.2020, c.44 (C.52:14-17.46.13) and the Garden State
11 Health Plan as that plan design is described in subsection d. of section
12 1 of P.L.2020, c.44 (C.52:14-17.46.13), notwithstanding the
13 provisions of any other law, rule, or regulation, including any
14 regulation of the New Jersey Department of Banking and Insurance,
15 to the contrary. As used in this subsection, "health insurance
16 company" means and includes a health, hospital, and medical service
17 corporation; commercial individual, small employer, and larger
18 group health insurer; and a health maintenance organization.

19 a. (1) Notwithstanding the provisions of any other law, rule,
20 or regulation to the contrary, beginning January 1, 2021 and for each
21 plan year thereafter, a board of education as an employer providing
22 health care benefits coverage for its employees, and their dependents
23 if any, in accordance with P.L.1979, c.391 (C.18A:16-12 et seq.)
24 shall offer to its employees, and their dependents if any, the
25 equivalent of the New Jersey Educators Health Plan in the School
26 Employees' Health Benefits Program as that plan design is described
27 in subsection f. of section 1 of P.L.2020, c.44 (C.52:14-17.46.13).

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

35 (2) The plans under this section shall be offered by the employer
36 regardless of any collective negotiations agreement between the
37 employer and its employees in effect on the effective date of this act,
38 P.L.2020, c.44, that provides for enrollment in other plans offered by
39 the employer.

40 No new health care benefits plans, other than those specified in
41 paragraph (1) of this subsection, shall be added by the employer from
42 January 1, 2021 through December 31, 2027 unless the provisions of
43 any collective negotiations agreement entered into before or after the
44 effective date of this act, P.L.2020, c.44, result in additional premium
45 cost reductions. Nothing in this section shall prohibit an employer
46 from offering health care benefits plans that existed prior to the
47 effective date of this act.

1 (3) Commencing January 1, 2028, the employer may offer such
2 other plans as may be required in accordance with any collective
3 negotiations agreement between the employer and its employees.

4 b. Prior to January 1, 2021, each employer shall provide an
5 enrollment period during which all employees who commenced
6 employment prior to the effective date of this act shall be required to
7 select affirmatively a plan provided by the employer. If an employee
8 fails to select affirmatively a plan during this enrollment period, the
9 employer shall enroll the employee, and the employee's dependents
10 if any, in the equivalent New Jersey Educators Health Plan offered
11 pursuant to subsection a. of this section for the year January 1, 2021
12 until December 31, 2021.

13 During the enrollment period, each person who is enrolled in a
14 plan offered by the employer and who is paying the full cost of
15 coverage shall also be required to select affirmatively a plan provided
16 by the employer. If a person fails to select affirmatively a plan during
17 this enrollment period, the employer shall enroll the person, and the
18 person's dependents if any, in the equivalent New Jersey Educators
19 Health Plan offered pursuant to subsection a. of this section for the
20 year January 1, 2021 until December 31, 2021. Any such person shall
21 continue to pay the full cost of coverage and shall not be subject to
22 the contribution schedule or any mandatory enrollment period as set
23 forth in this section.

24 c. (1) Beginning on January 1, 2021, an employee commencing
25 employment on or after the effective date of this act but before
26 January 1, 2028 who does not waive coverage, shall be enrolled by
27 the employer in the equivalent New Jersey Educators Health Plan, or
28 the equivalent Garden State Health Plan if selected by the employee,
29 as those plans are offered pursuant to subsection a. of this section.
30 The employee shall remain enrolled in either the equivalent New
31 Jersey Educators Health Plan or the equivalent Garden State Health
32 Plan selected by the employee at the annual open enrollment for each
33 plan year until December 31, 2027, provided that the employee
34 during this period may waive coverage as an employee and select and
35 change the type of coverage received under the plan following a
36 qualifying life event, in accordance with the plan regulations.
37 Beginning January 1, 2028, the employee may select, during any
38 open enrollment period or at such other times or under such
39 conditions as the employer may provide, any plan offered by the
40 employer.

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

44 d. An employee shall contribute annually toward the cost of
45 health care benefits coverage for the employee, and employee's
46 dependents if any, the amount specified, in the manner specified, in
47 subsection a. or b. of section 2 of this act, P.L.2020, c.44 (C.52:14-
48 17.46.14) if the employee, and the employee's dependents if any, are

1 enrolled in the equivalent New Jersey Educators Health Plan or the
2 equivalent Garden State Health Plan offered pursuant to subsection
3 a. of this section. An employee's contribution toward the cost of
4 coverage under the equivalent Garden State Health Plan offered
5 pursuant to subsection a. of this section shall be the amount required
6 in subsection b. of section 2 of this act, except that the contribution
7 specified in that subsection shall not be less than the minimum annual
8 contribution for health care benefits coverage of 1.5% of salary as
9 required by law.

10 e. (1) An employee enrolled in the equivalent New Jersey
11 Educators Health Plan or the equivalent Garden State Health Plan
12 offered pursuant to subsection a. of this section shall be required to
13 pay only the contribution specified in subsections a. and b. of section
14 2 of this act, notwithstanding any other provision of law, rule, or
15 regulation to the contrary requiring contributions by employees
16 toward the cost of health care benefits coverage provided by an
17 employer, except as provided in subsection d. of this section. No
18 other contribution may be required by collective negotiations
19 agreement, except as set forth in subsection i. of this section.

20 (2) Employees who are not enrolled in the equivalent New Jersey
21 Educators Health Plan or the equivalent Garden State Health Plan
22 offered pursuant to subsection a. of this section shall continue, after
23 the effective date of this act, P.L.2020, c.44, to contribute to health
24 care benefits coverage and those contributions shall be determined in
25 accordance with what is permitted or required by provisions of law.

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

37 With regard to contributions by an employee who is enrolled in a
38 plan other than the equivalent New Jersey Educators Health Plan or
39 the equivalent Garden State Health Plan offered pursuant to
40 subsection a. of this section, no provision in this section shall be
41 deemed to modify, alter, impair, or terminate the requirement in
42 sections 77 and 78 of P.L.2011, c.78 (C.18A:16-17.2 and C.52:14-
43 17.28e), as applicable, that a public employer and employees who are
44 in negotiations for the collective negotiations agreement to be
45 executed after the employees in that unit had reached full
46 implementation of the premium share set forth in section 39 of
47 P.L.2011, c.78 (C.52:14-17.28c) shall conduct negotiations
48 concerning contributions for health care benefits as if the full

1 premium share was included in the prior contract. Nothing in this act
2 shall be deemed to modify, alter, impair, or terminate the continued
3 compliance after the effective date of this act with that requirement
4 for negotiations for any collective negotiations agreement for
5 employee contributions for plans other than the equivalent New
6 Jersey Educators Health Plan or the equivalent Garden State Health
7 Plan offered pursuant to subsection a. of this section.

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

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

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

21 h. The level of benefits in the equivalent New Jersey Educators
22 Health Plan and the equivalent Garden State Health Plan offered by
23 the employer shall remain unchanged until December 31, 2027. No
24 change in the level of benefits in those plans shall be made before
25 that date unless such a change is required by federal or State law to
26 governmental health care benefits plans or to both governmental and
27 non-governmental health care benefits plans.

28 Commencing January 1, 2028 and for each plan year thereafter,
29 the level of benefits in the equivalent New Jersey Educators Health
30 Plan and the equivalent Garden State Health Plan offered by the
31 employer may be modified by the employer in accordance with
32 collective negotiations agreements entered into between the
33 employers who do not participate in the School Employees' Health
34 Benefits Program and their employees, or as otherwise permitted by
35 law.

36 i. Commencing January 1, 2028 and for each plan year
37 thereafter, the contributions required pursuant to subsections a. and
38 b. of section 2 of this act for employees enrolled in the equivalent
39 New Jersey Educators Health Plan or the equivalent Garden State
40 Health Plan offered pursuant to subsection a. of this section may be
41 modified in accordance with collective negotiations agreements
42 entered into between the employers who do not participate in the
43 School Employees' Health Benefits Program and their employees.
44 The contributions required pursuant to subsections a. and b. of
45 section 2 of this act shall become part of the parties' collective
46 negotiations and shall then be subject to collective negotiations in a
47 manner similar to other negotiable items between the parties.
48 Negotiations concerning contributions for health care benefits shall

1 be conducted as if the contributions required pursuant to subsections
2 a. and b. of section 2 of this act were included in the prior contract.
3 The contribution scheme of the percentage of base salary set forth in
4 those subsections may be modified or a new contribution scheme or
5 method other than a percentage of salary may be provided for in
6 accordance with a collective negotiations agreement.

7 j. Modifications to plan design of the plans set forth in section
8 1 of this act, P.L.2020, c.44 (C.52:14-17.46.13), or adjustments to the
9 employee contribution rates set forth in subsections a. and b. of
10 section 2 of this act, made by the School Employees' Health Benefits
11 Plan Design Committee or the State Treasurer pursuant to section 7
12 of this act shall be implemented for the purposes of this section by
13 the employer commencing January 1, 2024.

14 k. This section shall also apply also when health care benefits
15 coverage is provided though an insurance fund or joint insurance
16 fund or any other manner. This section shall apply to any employer,
17 as that term is defined in section 32 of P.L.2007, c.103 (C.52:14-
18 17.46.2), that is not a participating employer in the School
19 Employees' Health Benefits Program.
20 (cf: P.L.2020, c.44, s.5)

21

22 3. This act shall take effect immediately.

23

24

25 STATEMENT

26

27 This bill allows health insurance companies in this State to provide
28 health care benefit plans that are equivalent to the New Jersey
29 Educators Health Plan and the Garden State Health Plan offered by
30 the School Employees' Health Benefits Program (SEHBP) to local
31 boards of education and other eligible employers who do not
32 participate in the SEHBP, notwithstanding the provisions of any
33 other law, rule, or regulation, including any regulation of the State
34 Department of Banking and Insurance, to the contrary. Health
35 insurance company means and includes health, hospital, and medical
36 service corporations; commercial individual, small employer, and
37 larger group health insurers; and health maintenance organizations.

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