

**SENATE CONCURRENT
RESOLUTION No. 37**

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)

SYNOPSIS

Proposes constitutional amendment to limit actuarial value of health care plans for all State, local government, and school district employees.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



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1 **A CONCURRENT RESOLUTION** proposing to amend Article VII of
2 the New Jersey Constitution by adding a new Section IV.

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4 **BE IT RESOLVED** *by the Senate of the State of New Jersey (the*
5 *General Assembly concurring):*

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7 1. The following proposed amendment to the Constitution of
8 the State of New Jersey is agreed to:

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10 PROPOSED AMENDMENT

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12 Amend Article VII by adding a new Section IV to read as
13 follows:

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15 1. a. The actuarial value of any plan or program for health care
16 benefits provided by the State or a political subdivision of the State
17 to public officers or employees who are in active service, or who
18 have retired from active service, shall not exceed 80 percent. This
19 limitation shall apply to contracts by the State or a political
20 subdivision of the State for providing or administering health care
21 benefits for public officers or employees that are entered into on or
22 after January 1 of the second year following the year in which this
23 paragraph becomes part of the Constitution. This limitation shall
24 apply to the extent not inconsistent with federal law.

25 The actuarial value for each plan or program shall be certified by
26 an actuary as having been calculated in accordance with generally
27 accepted actuarial principles, methodologies, and standards.

28 As used herein, “actuarial value” means the percentage of the
29 medical expenses paid under a specific health care plan or program
30 for a standard population; and

31 “State” means the Executive, Legislative, and Judicial Branches
32 of State government, and any department, division, board, bureau,
33 office, commission, or other instrumentality within or created by
34 such branch, and any independent State authority, commission,
35 instrumentality, corporation, or agency, including any State public
36 institution of higher education.

37 b. Savings realized by a local unit or school district as a result
38 of the implementation of this paragraph shall be used solely and
39 exclusively by the local unit or school district for the purpose of
40 reducing the amount that is required to be raised by the local
41 property tax levy by the local unit for local unit purposes or by the
42 school district for school district purposes, as appropriate. When a
43 cap on the annual increase in the property tax levy for a local unit
44 or school district is imposed by law, the savings realized pursuant to
45 this paragraph shall be deducted from the adjusted tax levy for the
46 previous budget year and the difference shall serve as the basis for
47 calculating the adjusted tax levy for the next year.

48 The savings shall be calculated in the manner prescribed by law.

1 2. When this proposed amendment to the Constitution is finally
2 agreed to pursuant to Article IX, paragraph 1 of the Constitution, it
3 shall be submitted to the people at the next general election
4 occurring more than three months after the final agreement and
5 shall be published at least once in at least one newspaper of each
6 county designated by the President of the Senate, the Speaker of the
7 General Assembly and the Secretary of State, not less than three
8 months prior to the general election.

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10 3. This proposed amendment to the Constitution shall be
11 submitted to the people at that election in the following manner and
12 form:

13 There shall be printed on each official ballot to be used at the
14 general election, the following:

15 a. In every municipality in which voting machines are not used,
16 a legend which shall immediately precede the question as follows:

17 If you favor the proposition printed below make a cross (X), plus
18 (+), or check (✓) in the square opposite the word "Yes." If you are
19 opposed thereto make a cross (X), plus (+) or check (✓) in the
20 square opposite the word "No."

21 b. In every municipality the following question:
22

		<p>CONSTITUTIONAL AMENDMENT LIMITING ACTUARIAL VALUE OF HEALTH CARE PLANS FOR ALL PUBLIC EMPLOYEES</p> <p>Do you approve a change to the Constitution to limit to 80 percent the actuarial value of health care plans for State, local government, and school district employees and retirees?</p> <p>Actuarial value is the share of total medical expenses paid under a health care plan for a group of individuals.</p> <p>Local governments and school districts would have to use the savings that come from this limit to reduce property taxes.</p>
	YES	

		<p>INTERPRETIVE STATEMENT</p> <p>This change would limit to 80 percent the actuarial value of health care plans for public employees. This limit would apply to all public employees of the State, local governments, and school districts.</p> <p>The actuarial value is the percentage of the medical expenses paid under a health care plan for a group of covered individuals. A plan with an 80 percent actuarial value would be expected to pay, on average, 80 percent of the group’s expected medical expenses. The group of individuals covered by the plan would be expected to pay, on average, the remaining 20 percent. The actuarial value is not what the health care plan would pay for the medical expenses of each individual person.</p> <p>Savings that come from this limit would be used by local governments and school districts to reduce property taxes.</p>
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STATEMENT

This amendment to the State Constitution would limit to 80 percent the actuarial value of any plan or program for health care benefits provided by the State, a local government, or a school district to its active and retired employees. This limitation would apply to contracts by the State or a political subdivision of the State for providing or administering health care benefits for public employees that are entered into on or after January 1 of the second year following the year in which this paragraph becomes part of the Constitution.

As used for this purpose, “actuarial value” means the percentage of the medical expenses paid under a specific health care plan or program for a standard population.

Savings realized by a county, municipality, or school district as a result of the limit on the actuarial value of health care plans must be used solely and exclusively by the county, municipality, or school district for the purpose of reducing the amount that is required to be raised by the local property tax levy for county purposes, for municipal purposes, and for school district purposes, as appropriate. When a cap on the annual increase in the property tax levy for a local unit or school district is imposed by law, the savings realized

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- 1 would be deducted from the adjusted tax levy for the previous
- 2 budget year and the difference would serve as the basis for
- 3 calculating the adjusted tax levy for the next year.