

P.L. 2024, CHAPTER 86, *approved October 30, 2024*
Senate, No. 3838 (*First Reprint*)

1 AN ACT concerning the State Health Benefits Program and
2 amending and supplementing P.L.1961, c.49.

3

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

6

7 1. Section 6 of P.L.1961, c.49 (C.52:14-17.30) is amended to
8 read as follows:

9 6. a. For each active covered State employee and for the eligible
10 dependents the employee may have enrolled at the employee's
11 option, the State, from funds appropriated therefor, shall pay its
12 share of the premium or periodic charges for the benefits provided
13 under the contract purchased by the commission pursuant to
14 subsection a. of section 4 of P.L.1961, c.49 (C.52:14-17.28).

15 An employee may, on an optional basis, enroll the employee's
16 dependents for coverage under the contract subject to such
17 regulations and conditions as the commission and the carrier may
18 prescribe.

19 b. There is hereby created a health benefits fund. Said fund
20 shall be used to pay the premiums or periodic charges for which the
21 State is responsible under this act.

22 c. The fund shall contain a dedicated subaccount reserved for
23 payment of claims and other health services fees for covered health
24 services and prescription drug benefits provided to covered State
25 employees and their enrolled eligible dependents. **[No]** Except as
26 permitted pursuant to section 2 of P.L. , c. (C.) (pending
27 before the Legislature as this bill), no person shall use or authorize
28 the use of the assets in the subaccount, or the investment earnings
29 thereon, for any purpose other than for the provision of benefits in
30 accordance with the terms of the State Health Benefits Program and
31 for defraying the reasonable costs of administering the subaccount.

32 A third-party medical claims reviewer, procured pursuant to
33 section 2 of P.L.2019, c.143 (C.52:14-17.30b), shall, in the
34 performance of services for the program, act in the best interests of
35 the State, participating employers, and covered State employees and
36 their enrolled eligible dependents. Nothing in this subsection shall
37 be construed as subjecting the program, its plans, the State, or any
38 participating employer to the provisions of the "Employee

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SSG committee amendments adopted October 24, 2024.

1 Retirement Income Security Act of 1974" (29 U.S.C. s.1001 et
2 seq.).

3 The third-party medical claims reviewer shall collect, store and
4 maintain a secure archive of medical and prescription drug claims
5 data and other health services payment information and provide
6 such data and other reports in compliance with applicable State and
7 federal laws, including the "Health Insurance Portability and
8 Accountability Act of 1996," Pub.L.104-191, to document the cost
9 and nature of claims incurred, demographic information on the
10 covered population, emerging utilization and demographic trends,
11 and such other information as may be available to assist in the
12 governance of the program and in timely response to any requests
13 from the Governor, the State Treasurer, the Division of Pensions
14 and Benefits, the State Health Benefits Commission, the State
15 Health Benefits Plan Design Committee, the President of the
16 Senate, and the Speaker of the General Assembly. Such claims data
17 shall include, but not be limited to, for each claim, the claim
18 number, provider information, amount charged, amount paid, and
19 the Current Procedural Terminology (CPT) code. The State Health
20 Benefits Commission, the State Health Benefits Plan Design
21 Committee, the State Treasurer, or the Division of Pensions and
22 Benefits may direct the third-party medical claims reviewer to
23 provide appropriate medical and prescription drug claims and other
24 health services payment data to a health care services provider or
25 other authorized entity, in compliance with applicable State and
26 federal laws, including the "Health Insurance Portability and
27 Accountability Act of 1996," Pub.L.104-191, for the specific
28 purpose of improving the quality and value of health care services
29 delivered to program participants.

30 The State Treasurer shall deposit into the subaccount the moneys
31 necessary to accomplish the purposes of this subsection, including
32 moneys paid by employers participating in the program, and
33 contributed by employees and retirees of the State and employees
34 and retirees of employers other than the State participating in the
35 program. Deposits and contributions to the subaccount shall be
36 applied to the distribution of payments for the costs of health care
37 services and prescription drug benefits and to fund the reasonable
38 costs of administering the subaccount. Assets in the subaccount
39 shall be expended or withdrawn, and deposits and withdrawals shall
40 be reconciled, in accordance with regulations and procedures
41 adopted pursuant to this subsection.

42 Moneys in the subaccount shall be invested in permitted
43 investments or shall be held in interest-bearing accounts in such
44 depositories as the State Treasurer may select, and may be invested
45 and reinvested in permitted investments or invested and reinvested
46 in the same manner as other accounts in the custody of the State
47 Treasurer as provided by law. All interest or other income or
48 earnings derived from the investment or reinvestment of moneys in

1 the subaccount shall be credited thereto and shall be determined on
2 an aggregate basis for all participating employers.

3 The State Treasurer shall adopt, pursuant to the "Administrative
4 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), such rules
5 and regulations as may be necessary to implement the provisions of
6 this act, P.L.2019, c.143 (C.52:14-17.30a et al.).
7 (cf: P.L.2019, c.143, s.3)

8
9 2. (New section) a. If the available funds in the health benefits
10 funds established pursuant to sections 10 and 11 of P.L.1964, c.125
11 (C.52:14-17.41 and C.52:14-17.42) fall to a level that is insufficient
12 to cover 10 days of anticipated payments from the fund, including,
13 but not limited to, any portion of premiums, claims, and other
14 periodic charges, provided that claims for medical, prescription, and
15 dental expenses are based on an average over the past six months,
16 then the Director of the Division of Pensions and Benefits may
17 initiate a temporary transfer of available funds from the health
18 benefits fund established pursuant to section 6 of P.L.1961, c.49
19 (C.52:14-17.30) to the health benefits funds established pursuant to
20 sections 10 and 11 of P.L.1964, c.125 (C.52:14-17.41 and 52:14-
21 17.42). The Director of the Division of Pensions and Benefits shall
22 notify the commission within 30 days of the transfer. The amount
23 transferred pursuant to this subsection shall not exceed the amount
24 necessary to cover 30 days of anticipated payments from the fund,
25 including, but not limited to, any portion of premiums, claims, and
26 other periodic charges, provided that claims for medical,
27 prescription, and dental expenses are based on an average over the
28 past six months and any other anticipated payment or charge in the
29 next 30 days. The amount transferred pursuant to this subsection
30 **['**, together with interest accruing at the prevailing interest rate
31 earned by the health benefits fund established pursuant to section 6
32 of P.L.1961, c.49 (C.52:14-17.30) in the month last preceding the
33 date of the transfer,**']** shall be reimbursed from the health benefits
34 fund established pursuant to section 11 of P.L.1964, c.125
35 (C.52:14-17.42) on or before the 120th day next following the date
36 of the transfer unless the Director of the Division of Pensions and
37 Benefits determines that an extension of the reimbursement date is
38 necessary to ensure that sufficient funding is available to pay claims
39 incurred by employees of employers other than the State and their
40 dependents; provided, however, in no case shall the reimbursement
41 date be extended for more than an additional 365 days.

42 b. The Director of the Division of Pensions and Benefits shall
43 provide to the State Treasurer a monthly accounting of any transfers
44 initiated in the prior 30 days pursuant to subsection a. of this
45 section, the outstanding balances of all transfers initiated pursuant
46 to subsection a. of this section, any repayments for past transfers
47 received, and the current balance of the health benefits fund

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1 established pursuant to section 11 of P.L.1964, c.125 (C.52:14-
2 17.42).

3

4 3. This act shall take effect immediately.

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9 Permits Director of Division of Pensions and Benefits to initiate
10 temporary transfer of funds in certain circumstances.

CHAPTER 86

AN ACT concerning the State Health Benefits Program and amending and supplementing P.L.1961, c.49.

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

1. Section 6 of P.L.1961, c.49 (C.52:14-17.30) is amended to read as follows:

C.52:14-17.30 State payment of premium, periodic charges.

6. a. For each active covered State employee and for the eligible dependents the employee may have enrolled at the employee's option, the State, from funds appropriated therefor, shall pay its share of the premium or periodic charges for the benefits provided under the contract purchased by the commission pursuant to subsection a. of section 4 of P.L.1961, c.49 (C.52:14-17.28).

An employee may, on an optional basis, enroll the employee's dependents for coverage under the contract subject to such regulations and conditions as the commission and the carrier may prescribe.

b. There is hereby created a health benefits fund. Said fund shall be used to pay the premiums or periodic charges for which the State is responsible under this act.

c. The fund shall contain a dedicated subaccount reserved for payment of claims and other health services fees for covered health services and prescription drug benefits provided to covered State employees and their enrolled eligible dependents. Except as permitted pursuant to section 2 of P.L.2024, c.86 (C.52:14-17.42a), no person shall use or authorize the use of the assets in the subaccount, or the investment earnings thereon, for any purpose other than for the provision of benefits in accordance with the terms of the State Health Benefits Program and for defraying the reasonable costs of administering the subaccount.

A third-party medical claims reviewer, procured pursuant to section 2 of P.L.2019, c.143 (C.52:14-17.30b), shall, in the performance of services for the program, act in the best interests of the State, participating employers, and covered State employees and their enrolled eligible dependents. Nothing in this subsection shall be construed as subjecting the program, its plans, the State, or any participating employer to the provisions of the "Employee Retirement Income Security Act of 1974" (29 U.S.C. s.1001 et seq.).

The third-party medical claims reviewer shall collect, store and maintain a secure archive of medical and prescription drug claims data and other health services payment information and provide such data and other reports in compliance with applicable State and federal laws, including the "Health Insurance Portability and Accountability Act of 1996," Pub.L.104-191, to document the cost and nature of claims incurred, demographic information on the covered population, emerging utilization and demographic trends, and such other information as may be available to assist in the governance of the program and in timely response to any requests from the Governor, the State Treasurer, the Division of Pensions and Benefits, the State Health Benefits Commission, the State Health Benefits Plan Design Committee, the President of the Senate, and the Speaker of the General Assembly. Such claims data shall include, but not be limited to, for each claim, the claim number, provider information, amount charged, amount paid, and the Current Procedural Terminology (CPT) code. The State Health Benefits Commission, the State Health Benefits Plan Design Committee, the State Treasurer, or the Division of Pensions and Benefits may direct the third-party medical claims reviewer to provide appropriate medical and prescription drug claims and other health services payment data to a health care services provider or other authorized entity, in compliance with applicable

State and federal laws, including the "Health Insurance Portability and Accountability Act of 1996," Pub.L.104-191, for the specific purpose of improving the quality and value of health care services delivered to program participants.

The State Treasurer shall deposit into the subaccount the moneys necessary to accomplish the purposes of this subsection, including moneys paid by employers participating in the program, and contributed by employees and retirees of the State and employees and retirees of employers other than the State participating in the program. Deposits and contributions to the subaccount shall be applied to the distribution of payments for the costs of health care services and prescription drug benefits and to fund the reasonable costs of administering the subaccount. Assets in the subaccount shall be expended or withdrawn, and deposits and withdrawals shall be reconciled, in accordance with regulations and procedures adopted pursuant to this subsection.

Moneys in the subaccount shall be invested in permitted investments or shall be held in interest-bearing accounts in such depositories as the State Treasurer may select, and may be invested and reinvested in permitted investments or invested and reinvested in the same manner as other accounts in the custody of the State Treasurer as provided by law. All interest or other income or earnings derived from the investment or reinvestment of moneys in the subaccount shall be credited thereto and shall be determined on an aggregate basis for all participating employers.

The State Treasurer shall adopt, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), such rules and regulations as may be necessary to implement the provisions of this act, P.L.2019, c.143 (C.52:14-17.30a et al.).

C.52:14-17.42a Temporary transfer of available funds, health benefit funds, conditions.

2. a. If the available funds in the health benefits funds established pursuant to sections 10 and 11 of P.L.1964, c.125 (C.52:14-17.41 and 52:14-17.42) fall to a level that is insufficient to cover 10 days of anticipated payments from the fund, including, but not limited to, any portion of premiums, claims, and other periodic charges, provided that claims for medical, prescription, and dental expenses are based on an average over the past six months, then the Director of the Division of Pensions and Benefits may initiate a temporary transfer of available funds from the health benefits fund established pursuant to section 6 of P.L.1961, c.49 (C.52:14-17.30) to the health benefits funds established pursuant to sections 10 and 11 of P.L.1964, c.125 (C.52:14-17.41 and 52:14-17.42). The Director of the Division of Pensions and Benefits shall notify the commission within 30 days of the transfer. The amount transferred pursuant to this subsection shall not exceed the amount necessary to cover 30 days of anticipated payments from the fund, including, but not limited to, any portion of premiums, claims, and other periodic charges, provided that claims for medical, prescription, and dental expenses are based on an average over the past six months and any other anticipated payment or charge in the next 30 days. The amount transferred pursuant to this subsection shall be reimbursed from the health benefits fund established pursuant to section 11 of P.L.1964, c.125 (C.52:14-17.42) on or before the 120th day next following the date of the transfer unless the Director of the Division of Pensions and Benefits determines that an extension of the reimbursement date is necessary to ensure that sufficient funding is available to pay claims incurred by employees of employers other than the State and their dependents, provided, however, in no case shall the reimbursement date be extended for more than an additional 365 days.

b. The Director of the Division of Pensions and Benefits shall provide to the State Treasurer a monthly accounting of any transfers initiated in the prior 30 days pursuant to subsection a. of this section, the outstanding balances of all transfers initiated pursuant to subsection a. of this

section, any repayments for past transfers received, and the current balance of the health benefits fund established pursuant to section 11 of P.L.1964, c.125 (C.52:14-17.42).

3. This act shall take effect immediately.

Approved October 30, 2024.

SENATE, No. 3838

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED OCTOBER 24, 2024

Sponsored by:

Senator NICHOLAS P. SCUTARI

District 22 (Somerset and Union)

SYNOPSIS

Permits Director of Division of Pensions and Benefits to initiate temporary transfer of funds in certain circumstances.

CURRENT VERSION OF TEXT

As introduced.



S3838 SCUTARI

2

1 AN ACT concerning the State Health Benefits Program and
2 amending and supplementing P.L.1961, c.49.

3

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

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7 1. Section 6 of P.L.1961, c.49 (C.52:14-17.30) is amended to
8 read as follows:

9 6. a. For each active covered State employee and for the eligible
10 dependents the employee may have enrolled at the employee's
11 option, the State, from funds appropriated therefor, shall pay its
12 share of the premium or periodic charges for the benefits provided
13 under the contract purchased by the commission pursuant to
14 subsection a. of section 4 of P.L.1961, c.49 (C.52:14-17.28).

15 An employee may, on an optional basis, enroll the employee's
16 dependents for coverage under the contract subject to such
17 regulations and conditions as the commission and the carrier may
18 prescribe.

19 b. There is hereby created a health benefits fund. Said fund
20 shall be used to pay the premiums or periodic charges for which the
21 State is responsible under this act.

22 c. The fund shall contain a dedicated subaccount reserved for
23 payment of claims and other health services fees for covered health
24 services and prescription drug benefits provided to covered State
25 employees and their enrolled eligible dependents. **[No]** Except as
26 permitted pursuant to section 2 of P.L. , c. (C.) (pending
27 before the Legislature as this bill), no person shall use or authorize
28 the use of the assets in the subaccount, or the investment earnings
29 thereon, for any purpose other than for the provision of benefits in
30 accordance with the terms of the State Health Benefits Program and
31 for defraying the reasonable costs of administering the subaccount.

32 A third-party medical claims reviewer, procured pursuant to
33 section 2 of P.L.2019, c.143 (C.52:14-17.30b), shall, in the
34 performance of services for the program, act in the best interests of
35 the State, participating employers, and covered State employees and
36 their enrolled eligible dependents. Nothing in this subsection shall
37 be construed as subjecting the program, its plans, the State, or any
38 participating employer to the provisions of the "Employee
39 Retirement Income Security Act of 1974" (29 U.S.C. s.1001 et
40 seq.).

41 The third-party medical claims reviewer shall collect, store and
42 maintain a secure archive of medical and prescription drug claims
43 data and other health services payment information and provide
44 such data and other reports in compliance with applicable State and
45 federal laws, including the "Health Insurance Portability and

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 Accountability Act of 1996," Pub.L.104-191, to document the cost
2 and nature of claims incurred, demographic information on the
3 covered population, emerging utilization and demographic trends,
4 and such other information as may be available to assist in the
5 governance of the program and in timely response to any requests
6 from the Governor, the State Treasurer, the Division of Pensions
7 and Benefits, the State Health Benefits Commission, the State
8 Health Benefits Plan Design Committee, the President of the
9 Senate, and the Speaker of the General Assembly. Such claims data
10 shall include, but not be limited to, for each claim, the claim
11 number, provider information, amount charged, amount paid, and
12 the Current Procedural Terminology (CPT) code. The State Health
13 Benefits Commission, the State Health Benefits Plan Design
14 Committee, the State Treasurer, or the Division of Pensions and
15 Benefits may direct the third-party medical claims reviewer to
16 provide appropriate medical and prescription drug claims and other
17 health services payment data to a health care services provider or
18 other authorized entity, in compliance with applicable State and
19 federal laws, including the "Health Insurance Portability and
20 Accountability Act of 1996," Pub.L.104-191, for the specific
21 purpose of improving the quality and value of health care services
22 delivered to program participants.

23 The State Treasurer shall deposit into the subaccount the moneys
24 necessary to accomplish the purposes of this subsection, including
25 moneys paid by employers participating in the program, and
26 contributed by employees and retirees of the State and employees
27 and retirees of employers other than the State participating in the
28 program. Deposits and contributions to the subaccount shall be
29 applied to the distribution of payments for the costs of health care
30 services and prescription drug benefits and to fund the reasonable
31 costs of administering the subaccount. Assets in the subaccount
32 shall be expended or withdrawn, and deposits and withdrawals shall
33 be reconciled, in accordance with regulations and procedures
34 adopted pursuant to this subsection.

35 Moneys in the subaccount shall be invested in permitted
36 investments or shall be held in interest-bearing accounts in such
37 depositories as the State Treasurer may select, and may be invested
38 and reinvested in permitted investments or invested and reinvested
39 in the same manner as other accounts in the custody of the State
40 Treasurer as provided by law. All interest or other income or
41 earnings derived from the investment or reinvestment of moneys in
42 the subaccount shall be credited thereto and shall be determined on
43 an aggregate basis for all participating employers.

44 The State Treasurer shall adopt, pursuant to the "Administrative
45 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), such rules
46 and regulations as may be necessary to implement the provisions of
47 this act, P.L.2019, c.143 (C.52:14-17.30a et al.).

48 (cf: P.L.2019, c.143, s.3)

S3838 SCUTARI

1 2. (New section) a. If the available funds in the health benefits
2 funds established pursuant to sections 10 and 11 of P.L.1964, c.125
3 (C.52:14-17.41 and C.52:14-17.42) fall to a level that is insufficient
4 to cover 10 days of anticipated payments from the fund, including,
5 but not limited to, any portion of premiums, claims, and other
6 periodic charges, provided that claims for medical, prescription, and
7 dental expenses are based on an average over the past six months,
8 then the Director of the Division of Pensions and Benefits may
9 initiate a temporary transfer of available funds from the health
10 benefits fund established pursuant to section 6 of P.L.1961, c.49
11 (C.52:14-17.30) to the health benefits funds established pursuant to
12 sections 10 and 11 of P.L.1964, c.125 (C.52:14-17.41 and 52:14-
13 17.42). The Director of the Division of Pensions and Benefits shall
14 notify the commission within 30 days of the transfer. The amount
15 transferred pursuant to this subsection shall not exceed the amount
16 necessary to cover 30 days of anticipated payments from the fund,
17 including, but not limited to, any portion of premiums, claims, and
18 other periodic charges, provided that claims for medical,
19 prescription, and dental expenses are based on an average over the
20 past six months and any other anticipated payment or charge in the
21 next 30 days. The amount transferred pursuant to this subsection,
22 together with interest accruing at the prevailing interest rate earned
23 by the health benefits fund established pursuant to section 6 of
24 P.L.1961, c.49 (C.52:14-17.30) in the month last preceding the date
25 of the transfer, shall be reimbursed from the health benefits fund
26 established pursuant to section 11 of P.L.1964, c.125 (C.52:14-
27 17.42) on or before the 120th day next following the date of the
28 transfer unless the Director of the Division of Pensions and Benefits
29 determines that an extension of the reimbursement date is necessary
30 to ensure that sufficient funding is available to pay claims incurred
31 by employees of employers other than the State and their
32 dependents; provided, however, in no case shall the reimbursement
33 date be extended for more than an additional 365 days.

34 b. The Director of the Division of Pensions and Benefits shall
35 provide to the State Treasurer a monthly accounting of any transfers
36 initiated in the prior 30 days pursuant to subsection a. of this
37 section, the outstanding balances of all transfers initiated pursuant
38 to subsection a. of this section, any repayments for past transfers
39 received, and the current balance of the health benefits fund
40 established pursuant to section 11 of P.L.1964, c.125 (C.52:14-
41 17.42).

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43 3. This act shall take effect immediately.

STATEMENT

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This bill establishes a mechanism to provide necessary funds if the available funds in the dependents premium fund and employer health benefits fund fall to a level that is insufficient to cover 10 days of anticipated payments from the fund. The bill permits the Director of the Division of Pensions and Benefits to initiate a temporary transfer of available funds from the health benefits fund to the dependents premium fund and employer health benefits fund. The bill requires the Director of the Division of Pensions and Benefits to notify the State Health Benefits Commission within 30 days of the transfer.

Under the bill, the amount transferred must not exceed the amount necessary to cover 30 days of anticipated payments from the fund. The amount transferred, together with interest accruing at the prevailing interest rate earned by the health benefits fund in the month last preceding the date of the transfer, is to be reimbursed from the employer health benefits fund on or before the 120th day next following the date of the transfer unless the Director of the Division of Pensions and Benefits determines that an extension of the reimbursement date is necessary to ensure that sufficient funding is available to pay claims incurred by employees of employers other than the State and their dependents; provided, however, in no case will the reimbursement date be extended for more than an additional 365 days.

The bill requires the Director of the Division of Pensions and Benefits to provide to the State Treasurer a monthly accounting of any transfers initiated in the prior 30 days, the outstanding balances of all transfers initiated, any repayments for past transfers received, and the current balance of the employer health benefits fund.

[First Reprint]

SENATE, No. 3838

STATE OF NEW JERSEY
221st LEGISLATURE

INTRODUCED OCTOBER 24, 2024

Sponsored by:

Senator NICHOLAS P. SCUTARI

District 22 (Somerset and Union)

Assemblyman CRAIG J. COUGHLIN

District 19 (Middlesex)

SYNOPSIS

Permits Director of Division of Pensions and Benefits to initiate temporary transfer of funds in certain circumstances.

CURRENT VERSION OF TEXT

As reported by the Senate State Government, Wagering, Tourism & Historic Preservation Committee on October 24, 2024, with amendments.



(Sponsorship Updated As Of: 10/28/2024)

1 AN ACT concerning the State Health Benefits Program and
2 amending and supplementing P.L.1961, c.49.

3

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

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8 read as follows:

9 6. a. For each active covered State employee and for the eligible
10 dependents the employee may have enrolled at the employee's
11 option, the State, from funds appropriated therefor, shall pay its
12 share of the premium or periodic charges for the benefits provided
13 under the contract purchased by the commission pursuant to
14 subsection a. of section 4 of P.L.1961, c.49 (C.52:14-17.28).

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16 dependents for coverage under the contract subject to such
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20 shall be used to pay the premiums or periodic charges for which the
21 State is responsible under this act.

22 c. The fund shall contain a dedicated subaccount reserved for
23 payment of claims and other health services fees for covered health
24 services and prescription drug benefits provided to covered State
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26 permitted pursuant to section 2 of P.L. , c. (C.) (pending
27 before the Legislature as this bill), no person shall use or authorize
28 the use of the assets in the subaccount, or the investment earnings
29 thereon, for any purpose other than for the provision of benefits in
30 accordance with the terms of the State Health Benefits Program and
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32 A third-party medical claims reviewer, procured pursuant to
33 section 2 of P.L.2019, c.143 (C.52:14-17.30b), shall, in the
34 performance of services for the program, act in the best interests of
35 the State, participating employers, and covered State employees and
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37 be construed as subjecting the program, its plans, the State, or any
38 participating employer to the provisions of the "Employee
39 Retirement Income Security Act of 1974" (29 U.S.C. s.1001 et
40 seq.).

41 The third-party medical claims reviewer shall collect, store and
42 maintain a secure archive of medical and prescription drug claims
43 data and other health services payment information and provide
44 such data and other reports in compliance with applicable State and

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SSG committee amendments adopted October 24, 2024.

1 federal laws, including the "Health Insurance Portability and
2 Accountability Act of 1996," Pub.L.104-191, to document the cost
3 and nature of claims incurred, demographic information on the
4 covered population, emerging utilization and demographic trends,
5 and such other information as may be available to assist in the
6 governance of the program and in timely response to any requests
7 from the Governor, the State Treasurer, the Division of Pensions
8 and Benefits, the State Health Benefits Commission, the State
9 Health Benefits Plan Design Committee, the President of the
10 Senate, and the Speaker of the General Assembly. Such claims data
11 shall include, but not be limited to, for each claim, the claim
12 number, provider information, amount charged, amount paid, and
13 the Current Procedural Terminology (CPT) code. The State Health
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34 be reconciled, in accordance with regulations and procedures
35 adopted pursuant to this subsection.

36 Moneys in the subaccount shall be invested in permitted
37 investments or shall be held in interest-bearing accounts in such
38 depositories as the State Treasurer may select, and may be invested
39 and reinvested in permitted investments or invested and reinvested
40 in the same manner as other accounts in the custody of the State
41 Treasurer as provided by law. All interest or other income or
42 earnings derived from the investment or reinvestment of moneys in
43 the subaccount shall be credited thereto and shall be determined on
44 an aggregate basis for all participating employers.

45 The State Treasurer shall adopt, pursuant to the "Administrative
46 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), such rules

1 and regulations as may be necessary to implement the provisions of
2 this act, P.L.2019, c.143 (C.52:14-17.30a et al.).
3 (cf: P.L.2019, c.143, s.3)

4
5 2. (New section) a. If the available funds in the health benefits
6 funds established pursuant to sections 10 and 11 of P.L.1964, c.125
7 (C.52:14-17.41 and C.52:14-17.42) fall to a level that is insufficient
8 to cover 10 days of anticipated payments from the fund, including,
9 but not limited to, any portion of premiums, claims, and other
10 periodic charges, provided that claims for medical, prescription, and
11 dental expenses are based on an average over the past six months,
12 then the Director of the Division of Pensions and Benefits may
13 initiate a temporary transfer of available funds from the health
14 benefits fund established pursuant to section 6 of P.L.1961, c.49
15 (C.52:14-17.30) to the health benefits funds established pursuant to
16 sections 10 and 11 of P.L.1964, c.125 (C.52:14-17.41 and 52:14-
17 17.42). The Director of the Division of Pensions and Benefits shall
18 notify the commission within 30 days of the transfer. The amount
19 transferred pursuant to this subsection shall not exceed the amount
20 necessary to cover 30 days of anticipated payments from the fund,
21 including, but not limited to, any portion of premiums, claims, and
22 other periodic charges, provided that claims for medical,
23 prescription, and dental expenses are based on an average over the
24 past six months and any other anticipated payment or charge in the
25 next 30 days. The amount transferred pursuant to this subsection
26 **['**, together with interest accruing at the prevailing interest rate
27 earned by the health benefits fund established pursuant to section 6
28 of P.L.1961, c.49 (C.52:14-17.30) in the month last preceding the
29 date of the transfer,**']** shall be reimbursed from the health benefits
30 fund established pursuant to section 11 of P.L.1964, c.125
31 (C.52:14-17.42) on or before the 120th day next following the date
32 of the transfer unless the Director of the Division of Pensions and
33 Benefits determines that an extension of the reimbursement date is
34 necessary to ensure that sufficient funding is available to pay claims
35 incurred by employees of employers other than the State and their
36 dependents; provided, however, in no case shall the reimbursement
37 date be extended for more than an additional 365 days.

38 b. The Director of the Division of Pensions and Benefits shall
39 provide to the State Treasurer a monthly accounting of any transfers
40 initiated in the prior 30 days pursuant to subsection a. of this
41 section, the outstanding balances of all transfers initiated pursuant
42 to subsection a. of this section, any repayments for past transfers
43 received, and the current balance of the health benefits fund
44 established pursuant to section 11 of P.L.1964, c.125 (C.52:14-
45 17.42).

46
47 3. This act shall take effect immediately.

SENATE STATE GOVERNMENT, WAGERING, TOURISM &
HISTORIC PRESERVATION COMMITTEE

STATEMENT TO

SENATE, No. 3838

with committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 24, 2024

The Senate State Government, Wagering, Tourism & Historic Preservation Committee reports favorably and with committee amendments Senate Bill No. 3838.

As amended, this bill establishes a mechanism to provide necessary funds if the available funds in the dependents premium fund and employer health benefits fund fall to a level that is insufficient to cover 10 days of anticipated payments from the fund. The bill permits the Director of the Division of Pensions and Benefits -to initiate a temporary transfer of available funds from the health benefits fund to the dependents premium fund and employer health benefits fund. The bill requires the Director of the Division of Pensions and Benefits to notify the State Health Benefits Commission within 30 days of the transfer.

Under the bill, the amount transferred must not exceed the amount necessary to cover 30 days of anticipated payments from the fund. The amount transferred is to be reimbursed from the employer health benefits fund on or before the 120th day next following the date of the transfer unless the Director of the Division of Pensions and Benefits determines that an extension of the reimbursement date is necessary to ensure that sufficient funding is available to pay claims incurred by employees of employers other than the State and their dependents; provided, however, in no case will the reimbursement date be extended for more than an additional 365 days.

The bill requires the Director of the Division of Pensions and Benefits to provide to the State Treasurer a monthly accounting of any transfers initiated in the prior 30 days, the outstanding balances of all transfers initiated, any repayments for past transfers received, and the current balance of the employer health benefits fund.

COMMITTEE AMENDMENTS:

The committee amended the bill to remove the requirement that funds transferred pursuant to the bill be repaid with interest. The funds must still be repaid, but without the addition of interest accrued.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 3838

STATE OF NEW JERSEY 221st LEGISLATURE

DATED: OCTOBER 31, 2024

SUMMARY

- Synopsis:** Permits Director of Division of Pensions and Benefits to initiate temporary transfer of funds in certain circumstances.
- Type of Impact:** Potential expenditure increase to State Health Benefits Program Fund – State part; potential revenue loss to State Health Benefits Program Fund – State part; potential expenditure reduction to State Health Benefits Program Fund – local part.
- Agencies Affected:** Department of the Treasury; Local government employers that participate in State Health Benefits Program.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
Potential State Expenditure Increase	Indeterminate
Potential State Revenue Loss	Indeterminate
Potential Local Expenditure Reduction	Indeterminate

- The Office of Legislative Services (OLS) lacks the informational basis to quantify the fiscal impacts of this bill. The bill, however, newly creates a limited exposure of the State to the financial condition of the State Health Benefits Program Fund – local part. The bill provides a temporary cash flow mechanism to cover unexpected, mid-year shortfalls in the fund that might otherwise require precipitous corrective actions on the fund’s revenue or expenditure side. The mechanism would transfer reserves from the State Health Benefits Program Fund – State part and loan the reserves without interest to the State Health Benefits Program Fund – local part.
- Assuming any short-term loan would be repaid, the fiscal impacts of the loan would be a State revenue loss from interest earnings on the cash balances in the State Health Benefits Program Fund – State part that instead of being invested would be loaned interest-free to the State Health Benefits Program Fund – local part. To local governments participating in the State Health Benefits Program, the loan would potentially delay the fiscal impact on employer contributions

to the fund to mitigate the fund's financial imbalance without necessarily causing a net change in local governmental expenditures over time.

BILL DESCRIPTION

This bill permits the Division of Pensions and Benefits to transfer funds from the State Health Benefits Program Fund – State part to the State Health Benefits Program Fund – local part when the balance of the latter fund falls to a level that is insufficient to cover 10 days of anticipated payments for costs including, but not limited to, any portion of premiums, claims, or other periodic charges.

The bill limits the amount of the transfer to a sum of up to 30 days of anticipated payments from the State Health Benefits Program – local part. The bill requires the State Health Benefits Program – local part to repay borrowed monies within 120 days. The division may extend the loan repayment by up to an additional year to ensure sufficient funds are available to pay claims incurred by employees enrolled in the State Health Benefits Program Fund – local part.

Additionally, the bill requires the division to notify the Department of the Treasury of transfers within 30 days. The division is also required to provide the department with a monthly accounting of the outstanding balance of all transfers initiated under the bill, any repayment of monies, and the current balance of the State Health Benefits Program Fund – local part.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS lacks the informational basis to quantify the fiscal impacts of this bill. The bill, however, newly creates a limited exposure of the State to the financial condition of the State Health Benefits Program Fund – local part. The bill provides a temporary cash flow mechanism to cover unexpected, mid-year shortfalls in the fund that might otherwise require precipitous corrective actions on the fund's revenue or expenditure side. The mechanism would transfer reserves from the State Health Benefits Program Fund – State part and loan the reserves without interest to the State Health Benefits Program Fund – local part.

Assuming any short-term loan would be repaid, the fiscal impacts of the loan would be a State revenue loss from interest earnings on the cash balances in the State Health Benefits Program Fund – State part that instead of being invested would be loaned interest-free to the State Health Benefits Program Fund – local part. To local governments participating in the State Health Benefits Program, the loan would potentially delay the fiscal impact on employer contributions to the fund to mitigate the fund's financial imbalance without necessarily causing a net change in local governmental expenditures over time.

However, if the local fund were not to repay the loan to the State Health Benefits Program Fund – State part, the State in effect would support local governments participating in the State Health Benefits Program – local part. Any such support could result in increased State employer contributions to the fund and an expenditure reduction to local governments.

According to the most recent Rate Renewal Report, in Plan Year 2024 expenditures of the State Health Benefits Program Fund – local part are projected to exceed premium payments received from local governments and their employees by \$49.6 million. This is on top of the \$50 million deficit of the fund at the beginning of Plan Year 2024, bringing the projected deficit at the end of Plan Year 2024 to about \$100 million.

According to the Department of the Treasury, 10 days of claims at current Plan Year 2024 cost levels is \$68 million. Under the bill, if available funds in the State Health Benefits Program Fund – local part fall to a level that is insufficient to cover 10 days of claims, the Division of Pensions and Benefits can initiate transfers from the State Health Benefits Program Fund – State part to the State Health Benefits Program Fund – local part.

Section: State Government

*Analyst: Anna Harris
Associate Fiscal Analyst*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

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

ASSEMBLY, No. 4999

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED OCTOBER 21, 2024

Sponsored by:

Assemblyman CRAIG J. COUGHLIN

District 19 (Middlesex)

SYNOPSIS

Permits Director of Division of Pensions and Benefits to initiate temporary transfer of funds in certain circumstances.

CURRENT VERSION OF TEXT

As introduced.



A4999 COUGHLIN

2

1 AN ACT concerning the State Health Benefits Program and
2 amending and supplementing P.L.1961, c.49.

3

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

6

7 1. Section 6 of P.L.1961, c.49 (C.52:14-17.30) is amended to
8 read as follows:

9 6. a. For each active covered State employee and for the eligible
10 dependents the employee may have enrolled at the employee's
11 option, the State, from funds appropriated therefor, shall pay its
12 share of the premium or periodic charges for the benefits provided
13 under the contract purchased by the commission pursuant to
14 subsection a. of section 4 of P.L.1961, c.49 (C.52:14-17.28).

15 An employee may, on an optional basis, enroll the employee's
16 dependents for coverage under the contract subject to such
17 regulations and conditions as the commission and the carrier may
18 prescribe.

19 b. There is hereby created a health benefits fund. Said fund
20 shall be used to pay the premiums or periodic charges for which the
21 State is responsible under this act.

22 c. The fund shall contain a dedicated subaccount reserved for
23 payment of claims and other health services fees for covered health
24 services and prescription drug benefits provided to covered State
25 employees and their enrolled eligible dependents. **[No]** Except as
26 permitted pursuant to section 2 of P.L. , c. (C.) (pending
27 before the Legislature as this bill), no person shall use or authorize
28 the use of the assets in the subaccount, or the investment earnings
29 thereon, for any purpose other than for the provision of benefits in
30 accordance with the terms of the State Health Benefits Program and
31 for defraying the reasonable costs of administering the subaccount.

32 A third-party medical claims reviewer, procured pursuant to
33 section 2 of P.L.2019, c.143 (C.52:14-17.30b), shall, in the
34 performance of services for the program, act in the best interests of
35 the State, participating employers, and covered State employees and
36 their enrolled eligible dependents. Nothing in this subsection shall
37 be construed as subjecting the program, its plans, the State, or any
38 participating employer to the provisions of the "Employee
39 Retirement Income Security Act of 1974" (29 U.S.C. s.1001 et
40 seq.).

41 The third-party medical claims reviewer shall collect, store and
42 maintain a secure archive of medical and prescription drug claims
43 data and other health services payment information and provide
44 such data and other reports in compliance with applicable State and
45 federal laws, including the "Health Insurance Portability and

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 Accountability Act of 1996," Pub.L.104-191, to document the cost
2 and nature of claims incurred, demographic information on the
3 covered population, emerging utilization and demographic trends,
4 and such other information as may be available to assist in the
5 governance of the program and in timely response to any requests
6 from the Governor, the State Treasurer, the Division of Pensions
7 and Benefits, the State Health Benefits Commission, the State
8 Health Benefits Plan Design Committee, the President of the
9 Senate, and the Speaker of the General Assembly. Such claims data
10 shall include, but not be limited to, for each claim, the claim
11 number, provider information, amount charged, amount paid, and
12 the Current Procedural Terminology (CPT) code. The State Health
13 Benefits Commission, the State Health Benefits Plan Design
14 Committee, the State Treasurer, or the Division of Pensions and
15 Benefits may direct the third-party medical claims reviewer to
16 provide appropriate medical and prescription drug claims and other
17 health services payment data to a health care services provider or
18 other authorized entity, in compliance with applicable State and
19 federal laws, including the "Health Insurance Portability and
20 Accountability Act of 1996," Pub.L.104-191, for the specific
21 purpose of improving the quality and value of health care services
22 delivered to program participants.

23 The State Treasurer shall deposit into the subaccount the moneys
24 necessary to accomplish the purposes of this subsection, including
25 moneys paid by employers participating in the program, and
26 contributed by employees and retirees of the State and employees
27 and retirees of employers other than the State participating in the
28 program. Deposits and contributions to the subaccount shall be
29 applied to the distribution of payments for the costs of health care
30 services and prescription drug benefits and to fund the reasonable
31 costs of administering the subaccount. Assets in the subaccount
32 shall be expended or withdrawn, and deposits and withdrawals shall
33 be reconciled, in accordance with regulations and procedures
34 adopted pursuant to this subsection.

35 Moneys in the subaccount shall be invested in permitted
36 investments or shall be held in interest-bearing accounts in such
37 depositories as the State Treasurer may select, and may be invested
38 and reinvested in permitted investments or invested and reinvested
39 in the same manner as other accounts in the custody of the State
40 Treasurer as provided by law. All interest or other income or
41 earnings derived from the investment or reinvestment of moneys in
42 the subaccount shall be credited thereto and shall be determined on
43 an aggregate basis for all participating employers.

44 The State Treasurer shall adopt, pursuant to the "Administrative
45 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), such rules
46 and regulations as may be necessary to implement the provisions of
47 this act, P.L.2019, c.143 (C.52:14-17.30a et al.).

48 (cf: P.L.2019, c.143, s.3)

A4999 COUGHLIN

1 2. (New section) a. If the available funds in the health benefits
2 funds established pursuant to sections 10 and 11 of P.L.1964, c.125
3 (C.52:14-17.41 and C.52:14-17.42) fall to a level that is insufficient
4 to cover 10 days of anticipated payments from the fund, including,
5 but not limited to, any portion of premiums, claims, and other
6 periodic charges, provided that claims for medical, prescription, and
7 dental expenses are based on an average over the past six months,
8 then the Director of the Division of Pensions and Benefits may
9 initiate a temporary transfer of available funds from the health
10 benefits fund established pursuant to section 6 of P.L.1961, c.49
11 (C.52:14-17.30) to the health benefits funds established pursuant to
12 sections 10 and 11 of P.L.1964, c.125 (C.52:14-17.41 and 52:14-
13 17.42). The Director of the Division of Pensions and Benefits shall
14 notify the commission within 30 days of the transfer. The amount
15 transferred pursuant to this subsection shall not exceed the amount
16 necessary to cover 30 days of anticipated payments from the fund,
17 including, but not limited to, any portion of premiums, claims, and
18 other periodic charges, provided that claims for medical,
19 prescription, and dental expenses are based on an average over the
20 past six months and any other anticipated payment or charge in the
21 next 30 days. The amount transferred pursuant to this subsection,
22 together with interest accruing at the prevailing interest rate earned
23 by the health benefits fund established pursuant to section 6 of
24 P.L.1961, c.49 (C.52:14-17.30) in the month last preceding the date
25 of the transfer, shall be reimbursed from the health benefits fund
26 established pursuant to section 11 of P.L.1964, c.125 (C.52:14-
27 17.42) on or before the 120th day next following the date of the
28 transfer unless the Director of the Division of Pensions and Benefits
29 determines that an extension of the reimbursement date is necessary
30 to ensure that sufficient funding is available to pay claims incurred
31 by employees of employers other than the State and their
32 dependents; provided, however, in no case shall the reimbursement
33 date be extended for more than an additional 365 days.

34 b. The Director of the Division of Pensions and Benefits shall
35 provide to the State Treasurer a monthly accounting of any transfers
36 initiated in the prior 30 days pursuant to subsection a. of this
37 section, the outstanding balances of all transfers initiated pursuant
38 to subsection a. of this section, any repayments for past transfers
39 received, and the current balance of the health benefits fund
40 established pursuant to section 11 of P.L.1964, c.125 (C.52:14-
41 17.42).

42

43 3. This act shall take effect immediately.

STATEMENT

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This bill establishes a mechanism to provide necessary funds if the available funds in the dependents premium fund and employer health benefits fund fall to a level that is insufficient to cover 10 days of anticipated payments from the fund. The bill permits the Director of the Division of Pensions and Benefits to initiate a temporary transfer of available funds from the health benefits fund to the dependents premium fund and employer health benefits fund. The bill requires the Director of the Division of Pensions and Benefits to notify the State Health Benefits Commission within 30 days of the transfer.

Under the bill, the amount transferred must not exceed the amount necessary to cover 30 days of anticipated payments from the fund. The amount transferred, together with interest accruing at the prevailing interest rate earned by the health benefits fund in the month last preceding the date of the transfer, is to be reimbursed from the employer health benefits fund on or before the 120th day next following the date of the transfer unless the Director of the Division of Pensions and Benefits determines that an extension of the reimbursement date is necessary to ensure that sufficient funding is available to pay claims incurred by employees of employers other than the State and their dependents; provided, however, in no case will the reimbursement date be extended for more than an additional 365 days.

The bill requires the Director of the Division of Pensions and Benefits to provide to the State Treasurer a monthly accounting of any transfers initiated in the prior 30 days, the outstanding balances of all transfers initiated, any repayments for past transfers received, and the current balance of the employer health benefits fund.

[First Reprint]

ASSEMBLY, No. 4999

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED OCTOBER 21, 2024

Sponsored by:

Assemblyman CRAIG J. COUGHLIN

District 19 (Middlesex)

SYNOPSIS

Permits Director of Division of Pensions and Benefits to initiate temporary transfer of funds in certain circumstances.

CURRENT VERSION OF TEXT

As reported by the Assembly Appropriations Committee on October 24, 2024, with amendments.



1 AN ACT concerning the State Health Benefits Program and
2 amending and supplementing P.L.1961, c.49.

3

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

6

7 1. Section 6 of P.L.1961, c.49 (C.52:14-17.30) is amended to
8 read as follows:

9 6. a. For each active covered State employee and for the eligible
10 dependents the employee may have enrolled at the employee's
11 option, the State, from funds appropriated therefor, shall pay its
12 share of the premium or periodic charges for the benefits provided
13 under the contract purchased by the commission pursuant to
14 subsection a. of section 4 of P.L.1961, c.49 (C.52:14-17.28).

15 An employee may, on an optional basis, enroll the employee's
16 dependents for coverage under the contract subject to such
17 regulations and conditions as the commission and the carrier may
18 prescribe.

19 b. There is hereby created a health benefits fund. Said fund
20 shall be used to pay the premiums or periodic charges for which the
21 State is responsible under this act.

22 c. The fund shall contain a dedicated subaccount reserved for
23 payment of claims and other health services fees for covered health
24 services and prescription drug benefits provided to covered State
25 employees and their enrolled eligible dependents. **[No]** Except as
26 permitted pursuant to section 2 of P.L. , c. (C.) (pending
27 before the Legislature as this bill), no person shall use or authorize
28 the use of the assets in the subaccount, or the investment earnings
29 thereon, for any purpose other than for the provision of benefits in
30 accordance with the terms of the State Health Benefits Program and
31 for defraying the reasonable costs of administering the subaccount.

32 A third-party medical claims reviewer, procured pursuant to
33 section 2 of P.L.2019, c.143 (C.52:14-17.30b), shall, in the
34 performance of services for the program, act in the best interests of
35 the State, participating employers, and covered State employees and
36 their enrolled eligible dependents. Nothing in this subsection shall
37 be construed as subjecting the program, its plans, the State, or any
38 participating employer to the provisions of the "Employee
39 Retirement Income Security Act of 1974" (29 U.S.C. s.1001 et
40 seq.).

41 The third-party medical claims reviewer shall collect, store and
42 maintain a secure archive of medical and prescription drug claims
43 data and other health services payment information and provide
44 such data and other reports in compliance with applicable State and
45 federal laws, including the "Health Insurance Portability and

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AAP committee amendments adopted October 24, 2024.

1 Accountability Act of 1996," Pub.L.104-191, to document the cost
2 and nature of claims incurred, demographic information on the
3 covered population, emerging utilization and demographic trends,
4 and such other information as may be available to assist in the
5 governance of the program and in timely response to any requests
6 from the Governor, the State Treasurer, the Division of Pensions
7 and Benefits, the State Health Benefits Commission, the State
8 Health Benefits Plan Design Committee, the President of the
9 Senate, and the Speaker of the General Assembly. Such claims data
10 shall include, but not be limited to, for each claim, the claim
11 number, provider information, amount charged, amount paid, and
12 the Current Procedural Terminology (CPT) code. The State Health
13 Benefits Commission, the State Health Benefits Plan Design
14 Committee, the State Treasurer, or the Division of Pensions and
15 Benefits may direct the third-party medical claims reviewer to
16 provide appropriate medical and prescription drug claims and other
17 health services payment data to a health care services provider or
18 other authorized entity, in compliance with applicable State and
19 federal laws, including the "Health Insurance Portability and
20 Accountability Act of 1996," Pub.L.104-191, for the specific
21 purpose of improving the quality and value of health care services
22 delivered to program participants.

23 The State Treasurer shall deposit into the subaccount the moneys
24 necessary to accomplish the purposes of this subsection, including
25 moneys paid by employers participating in the program, and
26 contributed by employees and retirees of the State and employees
27 and retirees of employers other than the State participating in the
28 program. Deposits and contributions to the subaccount shall be
29 applied to the distribution of payments for the costs of health care
30 services and prescription drug benefits and to fund the reasonable
31 costs of administering the subaccount. Assets in the subaccount
32 shall be expended or withdrawn, and deposits and withdrawals shall
33 be reconciled, in accordance with regulations and procedures
34 adopted pursuant to this subsection.

35 Moneys in the subaccount shall be invested in permitted
36 investments or shall be held in interest-bearing accounts in such
37 depositories as the State Treasurer may select, and may be invested
38 and reinvested in permitted investments or invested and reinvested
39 in the same manner as other accounts in the custody of the State
40 Treasurer as provided by law. All interest or other income or
41 earnings derived from the investment or reinvestment of moneys in
42 the subaccount shall be credited thereto and shall be determined on
43 an aggregate basis for all participating employers.

44 The State Treasurer shall adopt, pursuant to the "Administrative
45 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), such rules
46 and regulations as may be necessary to implement the provisions of
47 this act, P.L.2019, c.143 (C.52:14-17.30a et al.).

48 (cf: P.L.2019, c.143, s.3)

1 2. (New section) a. If the available funds in the health benefits
2 funds established pursuant to sections 10 and 11 of P.L.1964, c.125
3 (C.52:14-17.41 and C.52:14-17.42) fall to a level that is insufficient to
4 cover 10 days of anticipated payments from the fund, including, but
5 not limited to, any portion of premiums, claims, and other periodic
6 charges, provided that claims for medical, prescription, and dental
7 expenses are based on an average over the past six months, then the
8 Director of the Division of Pensions and Benefits may initiate a
9 temporary transfer of available funds from the health benefits fund
10 established pursuant to section 6 of P.L.1961, c.49 (C.52:14-17.30) to
11 the health benefits funds established pursuant to sections 10 and 11 of
12 P.L.1964, c.125 (C.52:14-17.41 and 52:14-17.42). The Director of the
13 Division of Pensions and Benefits shall notify the commission within
14 30 days of the transfer. The amount transferred pursuant to this
15 subsection shall not exceed the amount necessary to cover 30 days of
16 anticipated payments from the fund, including, but not limited to, any
17 portion of premiums, claims, and other periodic charges, provided that
18 claims for medical, prescription, and dental expenses are based on an
19 average over the past six months and any other anticipated payment or
20 charge in the next 30 days. The amount transferred pursuant to this
21 subsection ¹【, together with interest accruing at the prevailing interest
22 rate earned by the health benefits fund established pursuant to section
23 6 of P.L.1961, c.49 (C.52:14-17.30) in the month last preceding the
24 date of the transfer,】¹ shall be reimbursed from the health benefits
25 fund established pursuant to section 11 of P.L.1964, c.125 (C.52:14-
26 17.42) on or before the 120th day next following the date of the
27 transfer unless the Director of the Division of Pensions and Benefits
28 determines that an extension of the reimbursement date is necessary to
29 ensure that sufficient funding is available to pay claims incurred by
30 employees of employers other than the State and their dependents;
31 provided, however, in no case shall the reimbursement date be
32 extended for more than an additional 365 days.

33 b. The Director of the Division of Pensions and Benefits shall
34 provide to the State Treasurer a monthly accounting of any transfers
35 initiated in the prior 30 days pursuant to subsection a. of this section,
36 the outstanding balances of all transfers initiated pursuant to
37 subsection a. of this section, any repayments for past transfers
38 received, and the current balance of the health benefits fund
39 established pursuant to section 11 of P.L.1964, c.125 (C.52:14-17.42).

40

41 3. This act shall take effect immediately.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4999

with committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 24, 2024

The Assembly Appropriations Committee reports favorably and with committee amendments Assembly Bill No. 4999.

As amended by the committee, this bill establishes a mechanism to provide necessary funds if the available funds in the dependents premium fund and employer health benefits fund fall to a level that is insufficient to cover 10 days of anticipated payments from the fund. The bill permits the Director of the Division of Pensions and Benefits to initiate a temporary transfer of available funds from the health benefits fund to the dependents premium fund and employer health benefits fund. The bill requires the Director of the Division of Pensions and Benefits to notify the State Health Benefits Commission within 30 days of the transfer.

Under the bill, the amount transferred must not exceed the amount necessary to cover 30 days of anticipated payments from the fund. The amount transferred is to be reimbursed from the employer health benefits fund on or before the 120th day next following the date of the transfer unless the Director of the Division of Pensions and Benefits determines that an extension of the reimbursement date is necessary to ensure that sufficient funding is available to pay claims incurred by employees of employers other than the State and their dependents; provided, however, in no case will the reimbursement date be extended for more than an additional 365 days.

The bill requires the Director of the Division of Pensions and Benefits to provide to the State Treasurer a monthly accounting of any transfers initiated in the prior 30 days, the outstanding balances of all transfers initiated, any repayments for past transfers received, and the current balance of the employer health benefits fund.

COMMITTEE AMENDMENTS

The committee amended the bill to remove the requirement that funds transferred pursuant to the bill be repaid with interest. The funds must still be repaid, but without the addition of interest accrued.

FISCAL IMPACT:

Fiscal information for this bill is currently unavailable.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 4999

STATE OF NEW JERSEY 221st LEGISLATURE

DATED: OCTOBER 31, 2024

SUMMARY

- Synopsis:** Permits Director of Division of Pensions and Benefits to initiate temporary transfer of funds in certain circumstances.
- Type of Impact:** Potential expenditure increase to State Health Benefits Program Fund – State part; potential revenue loss to State Health Benefits Program Fund – State part; potential expenditure reduction to State Health Benefits Program Fund – local part.
- Agencies Affected:** Department of the Treasury; Local government employers that participate in State Health Benefits Program.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
Potential State Expenditure Increase	Indeterminate
Potential State Revenue Loss	Indeterminate
Potential Local Expenditure Reduction	Indeterminate

- The Office of Legislative Services (OLS) lacks the informational basis to quantify the fiscal impacts of this bill. The bill, however, newly creates a limited exposure of the State to the financial condition of the State Health Benefits Program Fund – local part. The bill provides a temporary cash flow mechanism to cover unexpected, mid-year shortfalls in the fund that might otherwise require precipitous corrective actions on the fund’s revenue or expenditure side. The mechanism would transfer reserves from the State Health Benefits Program Fund – State part and loan the reserves without interest to the State Health Benefits Program Fund – local part.
- Assuming any short-term loan would be repaid, the fiscal impacts of the loan would be a State revenue loss from interest earnings on the cash balances in the State Health Benefits Program Fund – State part that instead of being invested would be loaned interest-free to the State Health Benefits Program Fund – local part. To local governments participating in the State Health Benefits Program, the loan would potentially delay the fiscal impact on employer contributions

to the fund to mitigate the fund's financial imbalance without necessarily causing a net change in local governmental expenditures over time.

BILL DESCRIPTION

This bill permits the Division of Pensions and Benefits to transfer funds from the State Health Benefits Program Fund – State part to the State Health Benefits Program Fund – local part when the balance of the latter fund falls to a level that is insufficient to cover 10 days of anticipated payments for costs including, but not limited to, any portion of premiums, claims, or other periodic charges.

The bill limits the amount of the transfer to a sum of up to 30 days of anticipated payments from the State Health Benefits Program – local part. The bill requires the State Health Benefits Program – local part to repay borrowed monies within 120 days. The division may extend the loan repayment by up to an additional year to ensure sufficient funds are available to pay claims incurred by employees enrolled in the State Health Benefits Program Fund – local part.

Additionally, the bill requires the division to notify the Department of the Treasury of transfers within 30 days. The division is also required to provide the department with a monthly accounting of the outstanding balance of all transfers initiated under the bill, any repayment of monies, and the current balance of the State Health Benefits Program Fund – local part.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS lacks the informational basis to quantify the fiscal impacts of this bill. The bill, however, newly creates a limited exposure of the State to the financial condition of the State Health Benefits Program Fund – local part. The bill provides a temporary cash flow mechanism to cover unexpected, mid-year shortfalls in the fund that might otherwise require precipitous corrective actions on the fund's revenue or expenditure side. The mechanism would transfer reserves from the State Health Benefits Program Fund – State part and loan the reserves without interest to the State Health Benefits Program Fund – local part.

Assuming any short-term loan would be repaid, the fiscal impacts of the loan would be a State revenue loss from interest earnings on the cash balances in the State Health Benefits Program Fund – State part that instead of being invested would be loaned interest-free to the State Health Benefits Program Fund – local part. To local governments participating in the State Health Benefits Program, the loan would potentially delay the fiscal impact on employer contributions to the fund to mitigate the fund's financial imbalance without necessarily causing a net change in local governmental expenditures over time.

However, if the local fund were not to repay the loan to the State Health Benefits Program Fund – State part, the State in effect would support local governments participating in the State Health Benefits Program – local part. Any such support could result in increased State employer contributions to the fund and an expenditure reduction to local governments.

According to the most recent Rate Renewal Report, in Plan Year 2024 expenditures of the State Health Benefits Program Fund – local part are projected to exceed premium payments received from local governments and their employees by \$49.6 million. This is on top of the \$50 million deficit of the fund at the beginning of Plan Year 2024, bringing the projected deficit at the end of Plan Year 2024 to about \$100 million.

According to the Department of the Treasury, 10 days of claims at current Plan Year 2024 cost levels is \$68 million. Under the bill, if available funds in the State Health Benefits Program Fund – local part fall to a level that is insufficient to cover 10 days of claims, the Division of Pensions and Benefits can initiate transfers from the State Health Benefits Program Fund – State part to the State Health Benefits Program Fund – local part.

Section: State Government

*Analyst: Anna Harris
Associate Fiscal Analyst*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

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

Governor Murphy Takes Action on Legislation

10/30/2024

TRENTON – Today, Governor Murphy signed the following bills into law:

S-3670/A-4871 (Singleton, McKnight/Lopez, Wimberly) - Provides for mortgage payment relief and foreclosure protection for certain homeowners impacted by remnants of Hurricane Ida

S-3838/A-4999 (Scutari/Coughlin) – Permits Director of Division of Pensions and Benefits to initiate temporary transfer of funds in certain circumstances

[Copy of Statement](#)

A-4447/S-3242 (Peterpaul, DePhillips, Azzatiti/Mukherji, Schepisi) - Allows certain health care practitioners referrals to pharmacies to be made in accordance with certain professional standards

AJR-46/SCS for SJR-12 (Karabinchak, Stanley, Drulis/Diegnan, Johnson) -Designates October of each year as "Hindu Heritage Month" in New Jersey

**GOVERNOR'S STATEMENT UPON SIGNING
SENATE BILL NO. 3838
(First Reprint)**

Today I am signing Senate Bill No. 3838 (First Reprint), which permits the Director of the Division of Pension and Benefits to temporarily transfer funds, under certain circumstances, from the State health benefits fund to the dependents premium fund and employer health benefits fund. This bill solves a technical issue that provides an accounting tool to support the cash flow management of the local government fund. While today's legislation is a necessary measure, broader issues regarding health insurance coverage for local government employees are of concern to my Administration and a large number of constituencies. I look forward to continuing those necessary conversations and finding solutions to these issues in the near future.

Date: October 30, 2024

/s/ Philip D. Murphy

Governor

Attest:

/s/ Parimal Garg

Chief Counsel to the Governor