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REPORTS: No

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"Assembly on Monday set to approve public employee pension and benefits reform bills," NewJerseyNewsroom.com, 3-19-10

"NJ Legislature to consider pension reforms," Courier-Post, 3-22-10

"Jersey Lawmaker: Let's Kick Lobbyists Out of the State Pension System," New Jersey 101.5 FM, 3-22-10

NJ governor signs worker pension reform measures," Courier-Post, 3-23-10

"Christie signs 3 bills to limit N.J. pensions," Home News Tribune, 3-23-10

"Governor Christie signs pension reform measures," Asbury Park Press, 3-23-10

"Christie signs 3 bills to limit N.J. pensions," Courier News, 3-23-10

"Christie signs N.J. pension reforms," The Press of Atlantic City, 3-23-10

"A great day for taxpayers," The Trentonian, 3-23-10

"Christie signs pension bills," The Times, 3-23-10

"Christie signs pension reforms, saying it's a great day for N.J. taxpayers," The Star Ledger, 3-23-10

"Christie signs pension reform bills," The Record, 3-23-10

"Christie signs Pensions and Health Benefits Reforms Into Law," New Jersey 101.5 FM, 3-23-10

"N.J. Lawmakers Bar Part-Time Workers From Pension," Bloomberg Press, 3-23-10

"Christie signs bills to cut pensions," The Philadelphia Inquirer, 3-23-10

LAW/RWH

[First Reprint]
SENATE, No. 3

STATE OF NEW JERSEY
214th LEGISLATURE

INTRODUCED FEBRUARY 8, 2010

Sponsored by:

Senator MICHAEL J. DOHERTY

District 23 (Warren and Hunterdon)

Senator JIM WHELAN

District 2 (Atlantic)

Assemblywoman SHEILA Y. OLIVER

District 34 (Essex and Passaic)

Assemblyman ALEX DECROCE

District 26 (Morris and Passaic)

Co-Sponsored by:

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SYNOPSIS

Makes various changes to SHBP and SEHBP concerning eligibility, cost sharing, plan choice, benefit change application, coverage waiver, multiple coverage; requires contributions toward health care benefits by public employees and certain retirees.

CURRENT VERSION OF TEXT

As reported by the Senate State Government, Wagering, Tourism & Historic Preservation Committee on February 18, 2010, with amendments.

(Sponsorship Updated As Of: 3/23/2010)

1 AN ACT concerning the eligibility for and the benefits provided
2 through the State Health Benefits Program and the School
3 Employees' Health Benefits Program ¹, and concerning
4 contributions and waivers by active and certain retired public
5 employees for health care benefits provided by an employer,¹ and
6 amending various parts of the statutory law ¹and supplementing
7 chapter 64A of Title 18A of the New Jersey Statutes¹.

8
9 **BE IT ENACTED** *by the Senate and General Assembly of the State*
10 *of New Jersey:*

11

12 1. Section 6 of P.L.1996, c.8 (C.52:14-17.28b) is amended to
13 read as follows:

14 6. a. Notwithstanding the provisions of any other law to the
15 contrary, the obligations of the State or an independent State
16 authority, board, commission, corporation, agency, or organization
17 to pay the premium or periodic charges for health benefits coverage
18 provided under P.L.1961, c.49 (C.52:14-17.25 et seq.) may be
19 determined by means of a binding collective negotiations
20 agreement, including any agreements in force at the time of the
21 adoption of P.L.1996, c.8. With respect to State employees for
22 whom there is no majority representative for collective negotiations
23 purposes, the commission may, in its sole discretion, modify the
24 respective payment obligations set forth in P.L.1961, c.49 for the
25 State and such employees in a manner consistent with the terms of
26 any collective negotiations agreement binding on the State. With
27 respect to employees of an independent State authority, board,
28 commission, corporation, agency, or organization for whom there is
29 no majority representative for collective negotiations purposes, the
30 employer may, in its sole discretion, modify the respective payment
31 obligations set forth in P.L.1961, c.49 for such employer and such
32 employees in a manner consistent with the terms of any collective
33 negotiations agreement binding on such employer. The provisions
34 of this subsection shall also apply to employees deemed or
35 considered to be employees of the State pursuant to subsection (c)
36 of section 2 of P.L.1961, c.49 (C.52:14-17.26).

37 b. (1) Notwithstanding the provisions of any other law to the
38 contrary, for each State employee who accrues 25 years of
39 nonconcurrent service credit in one or more State or locally-
40 administered retirement systems before July 1, 1997, excepting the
41 employee who elects deferred retirement, the State, upon the
42 employee's retirement, shall pay the full cost of the premium or
43 periodic charges for the health benefits provided to a retired State
44 employee and dependents covered under the State Health Benefits

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 February 18, 2010.

1 Program, but not including survivors, and shall also reimburse the
2 retired employee for premium charges under Part B of Medicare
3 covering the retired employee and the employee's spouse.

4 (2) Notwithstanding the provisions of any other law to the
5 contrary, and except as otherwise provided by section 8 of
6 P.L.1961, c.49 (C.52:14-17.32) as amended by P.L.2005, c.341, and
7 by subsection c. of this section, for each State employee who
8 accrues 25 years of nonconcurrent service credit in one or more
9 State or locally-administered retirement systems on or after July 1,
10 1997, excepting the employee who elects deferred retirement, the
11 State, upon the employee's retirement, shall pay the premium or
12 periodic charges for the health benefits provided to a retired State
13 employee and dependents covered under the State Health Benefits
14 Program, but not including survivors, and shall reimburse the
15 retired employee for premium charges under Part B of Medicare
16 covering the retired employee and the employee's spouse: (a) in
17 accordance with the provisions, if any, concerning health benefits
18 coverage in retirement which are in the collective negotiations
19 agreement applicable to the employee at the time of the employee's
20 accrual of 25 years of nonconcurrent service credit in one or more
21 State or locally-administered retirement systems, or (b) if the
22 employee has no majority representative for collective negotiations
23 purposes, in a manner consistent with the terms, if any, concerning
24 health benefits coverage in retirement which are in any collective
25 negotiations agreement deemed applicable by the State Health
26 Benefits Commission to that employee at the time of the employee's
27 accrual of 25 years of nonconcurrent service credit in one or more
28 State or locally-administered retirement systems. The terms for the
29 payment of premiums or periodic charges established pursuant to
30 this paragraph for the traditional plan shall apply to the successor
31 plan, and the terms for the payment of premiums or periodic
32 charges established pursuant to this paragraph for the NJ PLUS plan
33 shall apply to the State managed care plan required to be included
34 in a contract entered into pursuant to subsection c. of section 4 of
35 P.L.1961, c.49 (C.52:14-17.28).

36 c. (1) Effective July 1, 2007, but, with respect to employees to
37 whom this subsection applies who are paid through the State
38 centralized payroll, effective with the first pay period beginning
39 after July 1, 2007, the cost of benefits provided pursuant to
40 P.L.1961, c.49 (C.52:14-17.25 et seq.) shall be shared by employees
41 through the withholding of a contribution in an amount as
42 determined in accordance with paragraph (2) of this subsection.

43 (2) The amount of the contribution required pursuant to
44 paragraph (1) of this subsection as to State employees and
45 employees of an independent State authority, board, commission,
46 corporation, agency, or organization for whom there is a majority
47 representative for collective negotiations purposes shall be
48 determined by means of a binding collective negotiations

1 agreement. Commencing on the effective date of P.L. _____,
2 c. (pending before the Legislature as this bill) and upon the
3 expiration of any applicable binding collective negotiations
4 agreement in force on that effective date, the amount of the
5 contribution required pursuant to paragraph (1) of this subsection
6 by State employees and employees of an independent State
7 authority, board, commission, corporation, agency, or organization
8 for whom there is a majority representative for collective
9 negotiations purposes shall be 1.5% of base salary, notwithstanding
10 any other amount that may be required additionally pursuant to this
11 paragraph by means of a binding collective negotiations agreement.

12 The amount of the contribution required pursuant to paragraph
13 (1) of this subsection as to State employees for whom there is no
14 majority representative for collective negotiations purposes shall be
15 determined in a manner consistent with the terms, if any,
16 concerning health benefits coverage which are in a collective
17 negotiations agreement deemed applicable by the commission to the
18 employee. The amount of the contribution required pursuant to
19 paragraph (1) of this subsection as to employees of an independent
20 State authority, board, commission, corporation, agency, or
21 organization for whom there is no majority representative for
22 collective negotiations purposes shall be determined in a manner
23 consistent with the terms, if any, concerning health benefits
24 coverage which are in a collective negotiations agreement deemed
25 applicable by the employer to the employee. The amount of the
26 contribution required pursuant to paragraph (1) of this subsection as
27 to State employees or employees of an independent State authority,
28 board, commission, corporation, agency, or organization for whom
29 there is no majority representative for collective negotiations
30 purposes shall be 1.5 percent of base salary, notwithstanding any
31 other amount that may be required additionally pursuant to this
32 paragraph by means of the application of the terms of a binding
33 collective negotiations agreement.

34 (3) Except as provided in paragraph (5) of this subsection, the
35 cost of benefits provided pursuant to P.L.1961, c.49 (C.52:14-17.25
36 et seq.) shall be shared by retirees to whom this subsection applies
37 through the withholding of a contribution in an amount as
38 determined in accordance with paragraph (4) of this subsection.

39 (4) The amount of the contribution required pursuant to
40 paragraph (3) of this subsection as to State employees and
41 employees of an independent State authority, board, commission,
42 corporation, agency, or organization for whom there is a majority
43 representative for collective negotiations purposes who accrue 25
44 years of nonconcurrent service credit in one or more State or
45 locally-administered retirement systems on or after July 1, 2007,
46 and who retire on or after July 1, 2007, excepting employees who
47 elect deferred retirement, but including those who retire on a
48 disability pension after July 1, 2007, shall be determined by means

1 of a binding collective negotiations agreement applicable at the
2 time of the employee's accrual of 25 years of nonconcurrent service
3 credit in one or more State or locally-administered retirement
4 systems. The amount of the contribution required pursuant to
5 paragraph (3) of this subsection as to State employees or employees
6 of an independent State authority, board, commission, corporation,
7 agency, or organization for whom there is no majority
8 representative for collective negotiations purposes who accrue 25
9 years of nonconcurrent service credit in one or more State or
10 locally-administered retirement systems on or after July 1, 2007,
11 and who retire on or after July 1, 2007, excepting employees who
12 elect deferred retirement, but including those who retire on a
13 disability pension after July 1, 2007, shall be determined in a
14 manner consistent with the terms, if any, concerning health benefits
15 coverage in retirement which are in any collective negotiations
16 agreement deemed applicable by the commission to that employee
17 at the time of the employee's accrual of 25 years of nonconcurrent
18 service credit in one or more State or locally-administered
19 retirement systems, except that for employees who accrue 25 years
20 of nonconcurrent service credit in one or more State or locally-
21 administered retirement systems in the period beginning July 1,
22 2007, and ending June 30, 2011, the contribution shall be 1.5
23 percent of the monthly retirement allowance, including any future
24 cost-of-living adjustments, or, with respect to retirees for whom
25 there is no majority representative and who are members of the
26 alternate benefit program, an amount determined pursuant to a
27 formula developed by the commission that shall be designed to
28 result in a contribution that is comparable to the contribution that
29 applies to retirees who are not members of the alternate benefit
30 program.

31 (5) The contribution required pursuant to paragraph (3) of this
32 subsection shall not take effect until the New Jersey Retirees'
33 Wellness Program is open for enrollment and thereafter the
34 contribution shall be waived for a retiree who participates in the
35 New Jersey Retirees' Wellness Program. The Division of Pensions
36 and Benefits shall issue a report on the New Jersey Retirees'
37 Wellness Program. The report shall include, but need not be limited
38 to, the claims experience with regard to retirees in the program, and
39 the costs and savings realized. The report shall be issued at the end
40 of the third year after the program's implementation or by
41 December 30, 2010, whichever is earlier. The report shall be
42 submitted to the Governor, the Legislature, and the State Treasurer.

43 (6) Any employee or retiree from whom withholding of a
44 contribution is required pursuant to this subsection shall not be
45 required to pay any percentage of the premiums or periodic charges
46 for health care benefits provided under P.L.1961, c.49 (C.52:14-
47 17.25 et seq.), other than dental benefits.

1 (7) The contribution required pursuant to this subsection may be
2 terminated only upon withdrawal from all health care benefits
3 coverage as an employee or retiree, other than coverage for dental
4 benefits, and the submission to the commission of written
5 certification by the employee that the employee is covered by other
6 health care benefits and that those benefits are in force. The
7 commission shall not apply the written certification requirement to
8 retirees or to employees to whom Article VI, Section VI, paragraph
9 6 of the New Jersey Constitution applies.

10 d. The amount of contribution required pursuant to paragraph
11 (3) of subsection c. of this section in retirement as to a State
12 employee and employee of an independent State authority, board,
13 commission, corporation, agency, or organization who becomes a
14 member of a State or locally-administered retirement system on or
15 after the effective date of P.L. , c. (pending before the
16 Legislature as this bill), for whom there is a majority representative
17 for collective negotiations purposes and for whom there is no such
18 representative, shall be 1.5 percent of the retiree's monthly
19 retirement allowance, including any future cost-of-living
20 adjustments, or with respect to members of the alternate benefit
21 program, an amount determined pursuant to the formula specified in
22 paragraph (4) of subsection c. of this section, notwithstanding any
23 other amount that may be required additionally pursuant to
24 paragraph (4) of subsection c. of this section by means of a binding
25 collective negotiations agreement or by means of the application of
26 the terms of such an agreement. The contribution required by this
27 subsection or pursuant to paragraph (4) of subsection c. of this
28 section for officers or employees specified in this subsection shall
29 not be waived for a retiree who participates in the New Jersey
30 Retirees' Wellness Program.

31 (cf: P.L.2007, c.103, s.22)

32
33 2. Section 3 of P.L.1987, c.384 (C.52:14-17.32f) is amended to
34 read as follows:

35 3. A qualified retiree from the Teachers' Pension and Annuity
36 Fund (N.J.S.18A:66-1 et seq.) and dependents of a qualified retiree,
37 but not including survivors, are eligible to participate in the State
38 Health Benefits Program until June 30, 2008, and beginning July 1,
39 2008, in the School Employees' Health Benefits Program, regardless
40 of whether the retiree's employer participated in the program.

41 A qualified retiree is a retiree who:

42 a. Retired on a benefit based on 25 or more years of service
43 credit;

44 b. Retired on a disability pension based on fewer years of
45 service credit; or

46 c. Elected deferred retirement based on 25 or more years of
47 service credit and who receives a retirement allowance.

1 The program shall reimburse a qualified retiree who participates
2 in the program for the premium charges under Part B of the federal
3 Medicare program for the retiree and the retiree's spouse. A
4 qualified retiree who retired under subsections a. and b. of this
5 section prior to the effective date of this 1987 amendatory and
6 supplementary act is eligible for the coverage if the retiree applies
7 to the program for it within one year after the effective date, and a
8 qualified retiree as defined under subsection c. of this section whose
9 retirement allowance commenced prior to the effective date of this
10 1992 amendatory act is eligible for the coverage if the retiree
11 applies to the program for it within one year after the effective date.

12 The premium or periodic charges for benefits provided to a
13 qualified retiree and the dependents of the retiree, and the cost for
14 reimbursement of Medicare premiums shall be paid by the State.
15 An employee who becomes a member of the Teachers' Pension and
16 Annuity Fund on or after the effective date of P.L. , c. (pending
17 before the Legislature as this bill) shall pay as a qualified retiree 1.5
18 percent of the retiree's monthly retirement allowance, including any
19 future cost-of-living adjustments, through the withholding of the
20 contribution, for health benefits coverage provided under P.L.2007,
21 c.103 (C.52:14-17.46.1 et seq.) and the State shall pay the
22 remainder of the premium or periodic charges for benefits provided
23 to a qualified retiree and the dependents of the retiree, and the cost
24 for reimbursement of Medicare premiums.

25 (cf: P.L.2007, c.103, s.42)

26

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

29 2. The provisions of section 3 of P.L.1987, c.384 (C.52:14-
30 17.32f) shall apply to:

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

40 b. any employee of a county college who retires on a benefit or
41 benefits based in the aggregate upon 25 or more years of
42 nonconcurrent service credit in one or more State or locally-
43 administered retirement systems, or retires on a disability pension
44 based upon fewer years of service credit in that system or systems,
45 or elected deferred retirement based in the aggregate upon 25 or
46 more years of nonconcurrent service credit in one or more State or
47 locally-administered retirement systems and receives a retirement
48 allowance from that system or systems; or who receives a disability

1 benefit pursuant to section 18 of P.L.1969, c.242 (C.18A:66-184);
2 and

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

16 The costs of the premium or periodic charges for the benefits and
17 reimbursement of medicare premiums provided to a retiree and the
18 dependents of the retiree under this section shall be paid by the
19 State. An employee who becomes a member of a State or locally-
20 administered retirement system on or after the effective date of
21 P.L. , c. (pending before the Legislature as this bill) shall pay as
22 a qualified retiree 1.5 percent of the retiree's monthly retirement
23 allowance, including any future cost-of-living adjustments, through
24 the withholding of the contribution, for health benefits coverage
25 provided under P.L.2007, c.103 (C.52:14-17.46.1 et seq.) and the
26 State shall pay the remainder of the premium or periodic charges
27 for benefits provided to a qualified retiree and the dependents of the
28 retiree, and the cost for reimbursement of Medicare premiums.
29 (cf: P.L.2001, c.209, s.3)

30
31 4. Section 1 of P.L.1995, c.357 (C.52:14-17.32f2) is amended
32 to read as follows:

33 1. The provisions of section 3 of P.L.1987, c.384 (C.52:14-
34 17.32f) shall apply to any employee of a board of education who is
35 a member of a pension fund created prior to **【**the effective date of
36 this act**】** January 5, 1996 under the provisions of article 2 of chapter
37 66 of Title 18A of the New Jersey Statutes (N.J.S.18A:66-94 et
38 seq.) and who retires on a benefit based upon 25 or more years of
39 service credit in the pension fund, or retires on a disability pension
40 based upon fewer years of service credit in that pension fund, or
41 elected deferred retirement based upon 25 or more years of service
42 credit and receives a retirement allowance from that pension fund,
43 except that the costs of the premium or periodic charges for the
44 benefits and reimbursement of medicare premiums provided to a
45 retiree and the dependents of the retiree under this section shall be
46 paid by the State. An employee who becomes a member of the
47 pension fund on or after the effective date of P.L. , c. (pending
48 before the Legislature as this bill) shall pay in retirement 1.5

1 percent of the retiree's monthly retirement allowance, including any
2 future cost-of-living adjustments, through the withholding of the
3 contribution, for health benefits coverage provided under P.L.2007,
4 c.103 (C.52:14-17.46.1 et seq.) and the State shall pay the
5 remainder of the premium or periodic charges for benefits provided
6 to a qualified retiree and the dependents of the retiree, and the cost
7 for reimbursement of Medicare premiums.

8 An employee who retired prior to the effective date of this act is
9 eligible for the coverage if the employee applies to the program for
10 it within one year after the effective date.

11 (cf: P.L.1995, c.357, s.1)

12

13 5. Section 7 of P.L.1964, c.125 (C.52:14-17.38) is amended to
14 read as follows:

15 7. a. The Division of Pensions and Benefits shall certify to the
16 certifying agent of each employer electing participation under the
17 program the premium rates and periodic charges applicable to the
18 coverage provided for employees and dependents. The
19 participating employer shall remit to the division all contributions
20 to premiums and periodic charges in advance of their due dates,
21 subject to the rules and regulations of the commission.

22 Notwithstanding the provisions of any other law to the contrary,
23 the obligations of a participating employer other than the State to
24 pay the premium or periodic charges for health benefits coverage
25 provided under P.L.1961, c.49 (C.52:14-17.25 et seq.) may be
26 determined by means of a binding collective negotiations
27 agreement. With respect to employees for whom there is no
28 majority representative for collective negotiations purposes, the
29 employer may, in its sole discretion, modify the respective payment
30 obligations set forth in law for the employer and such employees in
31 a manner consistent with the terms of any collective negotiations
32 agreement binding on the employer. Commencing on the effective
33 date of P.L. , c. (pending before the Legislature as this bill) and
34 upon the expiration of any applicable binding collective
35 negotiations agreement in force on that effective date, employees of
36 an employer other than the State shall pay 1.5 percent of base
37 salary, through the withholding of the contribution, for health
38 benefits coverage provided under P.L.1961, c.49 (C.52:14-17.25 et
39 seq.), notwithstanding any other amount that may be required
40 additionally pursuant to this paragraph by means of a binding
41 collective negotiations agreement or the modification of payment
42 obligations.

43 b. (1) From funds allocated therefor, the employer other than
44 the State, upon the adoption and submission to the division of an
45 appropriate resolution prescribed by the commission, may pay the
46 premium or periodic charges for the benefits provided to a retired
47 employee and the employee's dependents covered under the
48 program, if the employee retired from a State or locally-

1 administered retirement system, excepting the employee who
2 elected deferred retirement, and may also reimburse the retired
3 employee for the employee's premium charges under Part B of
4 Medicare covering the retired employee and the employee's spouse
5 if the employee:

- 6 (a) retired on a disability pension; or
7 (b) retired after 25 or more years of nonconcurrent service credit
8 in one or more State or locally-administered retirement systems,
9 excluding service credited under the Defined Contribution
10 Retirement Program established pursuant to P.L.2007, c.92
11 (C.43:15C-1 et al.), and a period of service of up to 25 years with
12 the employer at the time of retirement, such period of service to be
13 determined by the employer and set forth in an ordinance or
14 resolution as appropriate; or
15 (c) retired and reached the age of 65 years or older with 25
16 years or more of nonconcurrent service credit in one or more State
17 or locally-administered retirement systems, excluding service
18 credited under the Defined Contribution Retirement Program, and a
19 period of service of up to 25 years with the employer at the time of
20 retirement, such period of service to be determined by the employer
21 and set forth in an ordinance or resolution as appropriate; or
22 (d) retired and reached the age of 62 years or older with at least
23 15 years of service with the employer, excluding service credited
24 under the Defined Contribution Retirement Program.

25 "Retired employee and the employee's dependents" may, upon
26 adoption of an appropriate resolution therefor by the participating
27 employer, also include otherwise eligible employees, and their
28 dependents, who retired from one or more State or locally-
29 administered retirement systems prior to the date that the employer
30 became a participating employer in the New Jersey State Health
31 Benefits Program or who did not elect to continue coverage in the
32 program during such time after the employer became a participating
33 employer that the employer did not pay premium or periodic
34 charges for benefits to retired employees and their dependents
35 pursuant to this section. Eligibility and enrollment of such
36 employees and dependents shall be in accordance with such rules
37 and regulations as may be adopted by the State Health Benefits
38 Commission.

39 The employer other than the State may, by resolution, pay the
40 premium or periodic charges for the benefits provided to the
41 surviving spouse of a retired employee and the employee's
42 dependents covered under the program as provided in this section.

43 (2) Notwithstanding the provisions of any other law to the
44 contrary, the obligations of an employer other than the State, except
45 an independent State authority, board, commission, corporation,
46 agency, or organization deemed to be covered by section 6 of
47 P.L.1996, c.8 (C.52:14-17.28b) and except school boards whose
48 employees are covered by section 3 of P.L.1987, c.384 (C.52:14-

1 17.32f), section 2 of P.L.1992, c.126 (C.52:14-17.32f1) and section
2 1 of P.L.1995, c.357 (C.52:14-17.32f2), to pay the premium or
3 periodic charges for health benefits coverage under the provisions
4 of paragraph (1) may be determined by means of a binding
5 collective negotiations agreement, including any agreement in force
6 at the time of the adoption of this act, P.L.1999, c.48. With respect
7 to employees for whom there is no majority representative for
8 collective negotiations purposes, the employer may, in its sole
9 discretion, determine the payment obligations for the employer and
10 the employees, except that if there are collective negotiations
11 agreements binding upon the employer for employees who are
12 within the same community of interest as employees in a collective
13 negotiations unit but are excluded from participation in the unit by
14 the "New Jersey Employer-Employee Relations Act," P.L.1941,
15 c.100 (C.34:13A-1 et seq.), the payment obligations shall be
16 determined in a manner consistent with the terms of any collective
17 negotiations agreement applicable to the collective negotiations
18 unit. An employee who becomes a member of a State or locally-
19 administered retirement system on or after the effective date of
20 P.L. , c. (pending before the Legislature as this bill) shall pay in
21 retirement 1.5 percent of the retiree's monthly retirement
22 allowance, including any future cost-of-living adjustments, through
23 the withholding of the contribution, for health benefits coverage
24 provided under P.L.1961, c.49 (C.52:14-17.25 et seq.),
25 notwithstanding any other amount that may be required additionally
26 pursuant to this paragraph by means of a binding collective
27 negotiations agreement or the determination of payment obligations.

28 c. Notwithstanding the provisions of any other law to the
29 contrary, the payment obligations of an employee of an employer
30 other than the State, except an independent State authority, board,
31 commission, corporation, agency, or organization, for health
32 benefits coverage under subsection b. shall be the payment
33 obligations applicable to the employee on the date the employee
34 retires on a disability pension or the date the employee meets the
35 service credit and service requirements for the employer payment
36 for the coverage, as the case may be.
37 (cf: P.L.2007, c.92, s.30)

38

39 6. Section 39 of P.L.2007, c.103 (C.52:14-17.46.9) is amended
40 to read as follows:

41 39. a. For each active covered employee and for the eligible
42 dependents the employee may have enrolled at the employee's
43 option, from funds appropriated therefor, the employer shall pay to
44 the commission the premium or periodic charges for the benefits
45 provided under the contract in amounts equal to the premium or
46 periodic charges for the benefits provided under such a contract
47 covering the employee and the employee's enrolled dependents.

1 b. The obligations of any employer to pay the premium or
2 periodic charges for health benefits coverage provided under the
3 School Employees' Health Benefits Program Act, sections 31
4 through 41 of P.L.2007, c.103 (C.52:14-17.46.1 through C.52:14-
5 17.46.11), may be determined by means of a binding collective
6 negotiations agreement, including any agreement in force at the
7 time the employer commences participation in the School
8 Employees' Health Benefits Program. With respect to employees for
9 whom there is no majority representative for collective negotiations
10 purposes, the employer may, in its sole discretion, modify the
11 respective payment obligations set forth in law for the employer and
12 such employees in a manner consistent with the terms of any
13 collective negotiations agreement binding on the employer.

14 Commencing on the effective date of P.L. _____, c. (pending before
15 the Legislature as this bill) and upon the expiration of any
16 applicable binding collective negotiations agreement in force on
17 that effective date, employees shall pay 1.5 percent of base salary,
18 through the withholding of the contribution, for health benefits
19 coverage provided under P.L.2007, c.103 (C.52:14-17.46.1 et seq.),
20 notwithstanding any other amount that may be required additionally
21 pursuant to this subsection by means of a binding collective
22 negotiations agreement or the modification of payment obligations.

23 c. There is hereby established a School Employee Health
24 Benefits Program fund consisting of all contributions to premiums
25 and periodic charges remitted to the State treasury by participating
26 employers for employee coverage. All such contributions shall be
27 deposited in the fund and the fund shall be used to pay the portion
28 of the premium and periodic charges attributable to employee and
29 dependent coverage.

30 d. Notwithstanding any law to the contrary and except as
31 provided by amendment by P.L. _____, c. (pending before the
32 Legislature as this bill), the payment in full of premium or periodic
33 charges for eligible retirees and their dependents pursuant to section
34 3 of P.L.1987, c.384 (C.52:14-17.32f), section 2 of P.L.1992, c.126
35 (C.52:14-17.32f1), or section 1 of P.L.1995, c.357 (C.52:14-
36 17.32f2) shall be continued without alteration or interruption and
37 there shall be no premium sharing or periodic charges for school
38 employees in retirement once they have met the criteria for vesting
39 for pension benefits, which criteria for purposes of this subsection
40 only shall mean the criteria for vesting in the Teachers' Pension and
41 Annuity Fund. For purposes of this subsection, "premium sharing or
42 periodic charges" shall mean payments by eligible retirees based
43 upon a proportion of the premiums for health care benefits.
44 (cf: P.L.2007, c.103, s.39)

45
46 7. Section 6 of P.L.1964, c.125 (C.52:14-17.37) is amended to
47 read as follows:

1 6. a. Any employer eligible for participation in the program
2 may elect such participation by the adoption of a resolution by its
3 governing body, which would include the name and title of a
4 certifying agent, and a certified copy of the resolution shall be filed
5 with the commission. Any employer making such election shall
6 become a participating employer under the program, subject to and
7 in accordance with the rules and regulations of the commission
8 relating thereto.

9 b. Notwithstanding the provisions of any other law to the
10 contrary, the availability of plans within the program may be
11 limited for employees of a participating employer other than the
12 State pursuant to a binding collective negotiations agreement
13 between the employer and its employees or pursuant to the
14 application by the employer, in its sole discretion, of the terms of
15 any collective negotiations agreement binding on the employer to
16 employees for whom there is no majority representative for
17 collective negotiations purpose. The commission shall implement
18 the terms of such an agreement, and the application of such terms,
19 with regard to plan availability for employees of the employer. The
20 commission may impose such restrictions on the terms as the
21 commission may deem necessary to ensure the effective and
22 efficient operation of the program. This subsection shall apply to
23 the State Health Benefits Program and the School Employees'
24 Health Benefits Program.

25 (cf: P.L.1964, c.125, s.6)

26
27 8. Section 5 of P.L.1964, c.125 (C.52:14-17.36) is amended to
28 read as follows:

29 5. a. The commission established by section 3 of chapter 49 of
30 the laws of 1961, is hereby authorized to prescribe rules and
31 regulations satisfactory to the carrier or carriers under which
32 employers may participate in the health benefits program provided
33 by that act. All provisions of that act will, except as expressly
34 stated herein, be construed as to participating employers and to
35 their employees and to dependents of such employees the same as
36 for the State, employees of the State and dependents of such
37 employees.

38 b. All changes in the provision of health care benefits through
39 the program that are included in collective negotiations agreements
40 between the State and its employees entered into on or after the
41 effective date of P.L. , c. (pending before the Legislature as this
42 bill) shall be made applicable by the commission to participating
43 employers and their employees at the same time and in the same
44 manner as to State employees. This subsection shall be applicable
45 to the State Health Benefits Program and to the School Employees'
46 Health Benefits Program to the extent not inconsistent with the

1 provisions of sections 31 through 41 of P.L.2007, c.103 (C.52:14-
2 17.46.1 et seq.).

3 (cf: P.L.1964, c.125, s.5)

4

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

7 2. As used in this act:

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

9 (b) The term "commission" means the State Health Benefits
10 Commission, created by section 3 of this act.

11 (c) (1) The term "employee" means an appointive or elective
12 officer, a full-time employee of the State of New Jersey, or a full-
13 time employee of an employer other than the State who appears on
14 a regular payroll and receives a salary or wages for an average of
15 the number of hours per week as prescribed by the governing body
16 of the participating employer which number of hours worked shall
17 be considered full-time, determined by resolution, and not less than
18 20. (2) After the effective date of P.L. , c. (pending before the
19 Legislature as this bill), the term "employee" means (i) a full-time
20 appointive or elective officer whose hours of work are fixed at 35 or
21 more per week, a full-time employee of the State, or a full-time
22 employee of an employer other than the State who appears on a
23 regular payroll and receives a salary or wages for an average of the
24 number of hours per week as prescribed by the governing body of
25 the participating employer which number of hours worked shall be
26 considered full-time, determined by resolution, and not less than 25,
27 or (ii) an appointive or elective officer, an employee of the State, or
28 an employee of an employer other than the State who has or is
29 eligible for health benefits coverage provided under P.L.1961, c.49
30 (C.52:14-17.25 et seq.) or sections 31 through 41 of P.L.2007, c.103
31 (C.52:14-17.46.1 et seq.) on that effective date and continuously
32 thereafter provided the officer or employee is covered by the
33 definition in paragraph (1) of this subsection. For the purposes of
34 this act an employee of Rutgers, The State University of New
35 Jersey, shall be deemed to be an employee of the State, and an
36 employee of the New Jersey Institute of Technology shall be
37 considered to be an employee of the State during such time as the
38 Trustees of the Institute are party to a contractual agreement with
39 the State Treasurer for the provision of educational services. The
40 term "employee" shall further mean, for purposes of this act, a
41 former employee of the South Jersey Port Corporation, who is
42 employed by a subsidiary corporation or other corporation, which
43 has been established by the Delaware River Port Authority pursuant
44 to subdivision (m) of Article I of the compact creating the Delaware
45 River Port Authority (R.S.32:3-2), as defined in section 3 of
46 P.L.1997, c.150 (C.34:1B-146), and who is eligible for continued
47 membership in the Public Employees' Retirement System pursuant
48 to subsection j. of section 7 of P.L.1954, c.84 (C.43:15A-7).

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

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

41 (2) Notwithstanding the provisions of paragraph (1) of this
42 subsection to the contrary and subject to the provisions of paragraph
43 (3) of this subsection, for the purposes of an employer other than
44 the State that is participating in the State Health Benefits Program
45 pursuant to section 3 of P.L.1964, c.125 (C.52:14-17.34), the term
46 "dependents" means an employee's spouse or partner in a civil
47 union couple and the employee's unmarried children under the age
48 of 23 years who live with the employee in a regular parent-child

1 relationship. "Children" shall include stepchildren, legally adopted
2 children and children placed by the Division of Youth and Family
3 Services in the Department of Children and Families provided they
4 are reported for coverage and are wholly dependent upon the
5 employee for support and maintenance. A spouse, partner in a civil
6 union couple or child enlisting or inducted into military service
7 shall not be considered a dependent during the military service. The
8 term "dependents" shall not include spouses or partners in a civil
9 union couple of retired persons who are otherwise eligible for
10 benefits under P.L.1961, c.49 (C.52:14-17.25 et seq.) but who,
11 although they meet the age or disability eligibility requirement of
12 Medicare, are not covered by Medicare Hospital Insurance, also
13 known as Medicare Part A, and Medicare Medical Insurance, also
14 known as Medicare Part B.

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

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

30 (f) The term "hospital" means (1) an institution operated
31 pursuant to law which is primarily engaged in providing on its own
32 premises, for compensation from its patients, medical diagnostic
33 and major surgical facilities for the care and treatment of sick and
34 injured persons on an inpatient basis, and which provides such
35 facilities under the supervision of a staff of physicians and with 24
36 hour a day nursing service by registered graduate nurses, or (2) an
37 institution not meeting all of the requirements of (1) but which is
38 accredited as a hospital by the Joint Commission on Accreditation
39 of Hospitals. In no event shall the term "hospital" include a
40 convalescent nursing home or any institution or part thereof which
41 is used principally as a convalescent facility, residential center for
42 the treatment and education of children with mental disorders, rest
43 facility, nursing facility or facility for the aged or for the care of
44 drug addicts or alcoholics.

45 (g) The term "State managed care plan" means a health care
46 plan under which comprehensive health care services and supplies
47 are provided to eligible employees, retirees, and dependents: (1)
48 through a group of doctors and other providers employed by the

1 plan; or (2) through an individual practice association, preferred
2 provider organization, or point of service plan under which services
3 and supplies are furnished to plan participants through a network of
4 doctors and other providers under contracts or agreements with the
5 plan on a prepayment or reimbursement basis and which may
6 provide for payment or reimbursement for services and supplies
7 obtained outside the network. The plan may be provided on an
8 insured basis through contracts with carriers or on a self-insured
9 basis, and may be operated and administered by the State or by
10 carriers under contracts with the State.

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

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

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

28 (cf: P.L.2008, c.89, s.15)

29

30 10. Section 32 of P.L.2007, c.103 (C.52:14-17.46.2) is amended
31 to read as follows:

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

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

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

39 c. The term "employer" means local school district, regional
40 school district, county vocational school district, county special
41 services school district, jointure commission, educational services
42 commission, State-operated school district, charter school, county
43 college, any officer, board, or commission under the authority of
44 the Commissioner of Education or of the State Board of Education,
45 and any other public entity which is established pursuant to
46 authority provided by Title 18A of the New Jersey Statutes, but
47 excluding the State public institutions of higher education and

1 excluding those public entities where the employer is the State of
2 New Jersey.

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

45 e. The term "dependents" means an employee's spouse,
46 domestic partner, or partner in a civil union couple, and unmarried
47 children under the age of 23 years who live in a regular parent/child
48 relationship. "Children" shall include stepchildren, legally adopted

1 children and children placed by the Division of Youth and Family
2 Services in the Department of Children and Families, provided they
3 are reported for coverage and are wholly dependent upon the
4 employee for support and maintenance. A spouse, domestic partner,
5 partner in a civil union couple, or child enlisting or inducted into
6 military service shall not be considered a dependent during the
7 military service. The term "dependents" shall not include spouses,
8 domestic partners, or partners in a civil union couple, of retired
9 persons who are otherwise eligible for the benefits under the School
10 Employees' Health Benefits Program but who, although they meet
11 the age or disability eligibility requirement of Medicare, are not
12 covered by Medicare Hospital Insurance, also known as Medicare
13 Part A, and Medicare Medical Insurance, also known as Medicare
14 Part B.

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

25 g. The term "hospital" means:

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

33 (2) an institution not meeting all of the requirements of
34 paragraph (1) but which is accredited as a hospital by the Joint
35 Commission on Accreditation of Hospitals. In no event shall the
36 term "hospital" include a convalescent nursing home or any
37 institution or part thereof which is used principally as a
38 convalescent facility, residential center for the treatment and
39 education of children with mental disorders, rest facility, nursing
40 facility or facility for the aged or for the care of drug addicts or
41 alcoholics.

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

46 i. The term "managed care plan" means a health care plan
47 under which comprehensive health care services and supplies are
48 provided to eligible employees, retirees, and dependents: (1)

1 through a group of doctors and other providers employed by the
2 plan; or (2) through an individual practice association, preferred
3 provider organization, or point of service plan under which services
4 and supplies are furnished to plan participants through a network of
5 doctors and other providers under contracts or agreements with the
6 plan on a prepayment or reimbursement basis and which may
7 provide for payment or reimbursement for services and supplies
8 obtained outside the network. The plan may be provided on an
9 insured basis through contracts with carriers or on a self-insured
10 basis, and may be operated and administered by the State or by
11 carriers under contracts with the State.

12 j. The term "successor plan" means a managed care plan that
13 shall replace the "traditional plan," as defined in section 2 of
14 P.L.1961, c.49 (C.52:14-17.26), and that shall provide benefits as
15 set forth in section 36 of P.L.2007, c.103 (C.52:14-17.46.6), and
16 provide out-of-network benefits to participants with a payment by
17 the plan of 80% of reasonable and customary charges as set forth in
18 section 37 of P.L.2007, c.103 (C.52:14-17.46.7) and as may be
19 adjusted in accordance with section 40 of P.L.2007, c.103 (C.52:14-
20 17.46.10).

21 (cf: P.L.2007, c.103, s.32)

22

23 11. Section 36 of P.L.1995, c.259 (C.52:14-17.31a) is amended
24 to read as follows:

25 36. a. Notwithstanding the provisions of any other law to the
26 contrary, an employer other than the State which participates in the
27 State Health Benefits Program, established pursuant to P.L.1961,
28 c.49 (C.52:14-17.25 et seq.), may allow any employee who is
29 eligible for other health care coverage to waive coverage under the
30 State Health Benefits Program to which the employee is entitled by
31 virtue of employment with the employer. The waiver shall be in
32 such form as the Director of the Division of Pensions and Benefits
33 shall prescribe and shall be filed with the division. After such
34 waiver has been filed and for so long as that waiver remains in
35 effect, no premium shall be required to be paid by the employer for
36 the employee or the employee's dependents. Not later than the
37 180th day after the date on which the waiver is filed, the division
38 shall refund to the employer the amount of any premium previously
39 paid by the employer with respect to any period of coverage which
40 followed the filing date.

41 b. Notwithstanding the provisions of any other law to the
42 contrary, the State as an employer, or an employer that is an
43 independent authority, commission, board, or instrumentality of the
44 State which participates in the State Health Benefits Program, may
45 allow any employee who is eligible for other health care coverage
46 that is not under the State Health Benefits Program to waive the
47 coverage under the State Health Benefits Program to which the
48 employee is entitled by virtue of employment with the employer.

1 The waiver shall be in such form as the Director of the Division of
2 Pensions and Benefits shall prescribe and shall be filed with the
3 division.

4 c. In consideration of filing a waiver as permitted in
5 subsections a. and b. of this section, an employer may pay to the
6 employee annually an amount, to be established in the sole
7 discretion of the employer, which shall not exceed 50% of the
8 amount saved by the employer because of the employee's waiver of
9 coverage, and, for a waiver filed on or after the effective date of
10 P.L. , c. (pending before the Legislature as this bill), which shall
11 not exceed 25%, or \$5,000, whichever is less, of the amount saved
12 by the employer because of the employee's waiver of coverage. An
13 employee who waives coverage shall be permitted to immediately
14 resume coverage if the employee ceases to be eligible for other
15 health care coverage for any reason, including, but not limited to,
16 the retirement or death of the spouse or divorce. An employee who
17 resumes coverage shall repay, on a pro rata basis, any amount
18 received from the employer which represents an advance payment
19 for a period of time during which coverage is resumed. An
20 employee who wishes to resume coverage shall notify the employer
21 in writing and file a declaration with the division, in such form as
22 the director of the division shall prescribe, that the waiver is
23 revoked. The decision of an employer to allow its employees to
24 waive coverage and the amount of consideration to be paid therefor
25 shall not be subject to the collective bargaining process.
26 (cf: P.L.2008, c.89, s.2)

27
28 12. Section 7 of P.L.1961, c.49 (C.52:14-17.31) is amended to
29 read as follows:

30 7. The coverage provided solely for employees shall, subject to
31 the provisions below, automatically become effective for all eligible
32 employees from the first day on or after the effective date of the
33 program on which they satisfy the definition of "employee"
34 contained in this act. The commission shall establish the rules and
35 regulations governing the enrollment and effective dates of
36 coverage of dependents of employees it deems necessary or
37 desirable. The rules and regulations shall not defer coverage with
38 respect to any qualified dependent an employee has on the date the
39 employee's employer becomes a participating employer, provided
40 the employee was, immediately prior to the date, insured with
41 respect to the dependent under a group insurance plan of the
42 employer which was in effect immediately prior to the date. Under
43 the rules and regulations established by the commission, each
44 employee shall be given the opportunity to enroll for coverage for
45 dependents as of the earliest date the employee becomes eligible for
46 enrollment. With respect to the traditional plan, an employee may
47 elect to enroll dependents for both basic coverage and major

1 medical expense coverage but may not enroll for either coverage
2 alone.

3 In the event that the group health plan which covered an
4 employee or dependents immediately prior to the date the
5 employee's employer becomes a participating employer provides,
6 after termination of coverage thereunder, any continuation of
7 benefits, or would so provide in the absence of coverage pursuant to
8 this act, no coverage shall be afforded pursuant to this act for any
9 such expenses (i) which are covered, or which would be covered in
10 the absence of coverage pursuant to this act, in whole or in part, by
11 the prior insurance plan or (ii) which may be used in satisfaction of
12 any deductible requirement under the prior insurance plan to
13 establish entitlement to the continuation of benefits.

14 Each employee shall furnish the Division of Pensions and
15 Benefits, in the prescribed form, the information necessary on
16 account of the employee's own coverage and necessary to enroll
17 dependents. Any employee not desiring coverage at the time the
18 employee first becomes eligible, shall give the division written
19 notice of that fact in the form prescribed by the division. The
20 employee may not enroll thereafter except at the times and under
21 the conditions prescribed by the commission.

22 **【**If an employee of an employer other than the State eligible for
23 coverage has a spouse who is also an employee of an employer
24 other than the State eligible for coverage, the spouse may elect
25 single coverage as an employee and to enroll as a dependent, in
26 which event no coverage shall be provided for such spouse as an
27 employee while covered as a dependent. The employee of an
28 employer other than the State, who has enrolled such spouse, and
29 who is required to pay the full cost of dependent coverage, may
30 receive a refund from the State Division of Pensions and Benefits
31 equivalent in amount to the employer's cost for an employee's
32 coverage. When both husband and wife are covered as employees,
33 only one may enroll for their children as dependents.

34 A similar refund shall be authorized pursuant to such rules and
35 regulations as the commission deems necessary or desirable in the
36 case of an employee of an employer other than the State who is
37 paying the full cost of dependent coverage for a spouse who is an
38 employee of the State and eligible for coverage.

39 If a husband and wife are both eligible for coverage under the
40 program as employees:

41 a. each may elect coverage for himself or herself as an
42 employee and for their qualified dependents, including the spouse,
43 in any plan offered other than a health maintenance organization,
44 but only one may elect coverage for himself or herself and for their
45 qualified dependents, including the spouse, in a participating health
46 maintenance organization; and

47 b. each may elect single coverage in any participating health
48 maintenance organization, provided that he or she is not covered

1 under the participating health maintenance organization as a
2 dependent of his or her spouse.】

3 Any person employed as a substitute teacher by a school district
4 and who provides evidence of coverage under another health
5 benefits program may waive coverage for the current school year on
6 or after the date on which the person becomes an employee eligible
7 for coverage.

8 Multiple coverage in the program as an employee, dependent, or
9 retiree shall be prohibited and the prohibition shall be implemented
10 in accordance with the rules and regulations promulgated by the
11 commission. The provisions of this paragraph shall be applicable to
12 the State Health Benefits Program and to the School Employees'
13 Health Benefits Program to the extent not inconsistent with
14 provisions of sections 31 through 41 of P.L.2007, c.103 (C.52:14-
15 17.46.1 et seq.).

16 (cf: P.L.2007, c.103, s.25)

17

18 ¹13. Section 6 of P.L.1979, c.391 (C.18A:16-17) is amended to
19 read as follows:

20 6. a. Any local board of education entering into a contract
21 pursuant to this act is authorized to pay part or all of the premiums
22 or charges for such contracts and may appropriate out of its general
23 funds any money necessary to pay such premiums or charges or
24 portions thereof.

25 The contribution required of any employee toward the cost of
26 such coverage may be deducted from the pay, salary or other
27 compensation of such employee upon authorization in writing made
28 to the local board of education.

29 The local board of education may reimburse an active employee
30 for his premium charges under Part B of the Federal Medicare
31 Program covering the employee alone.

32 Nothing herein shall be construed as compelling a local board of
33 education to pay any portion of the premiums or charges
34 attributable to such contracts.

35 b. Commencing on the effective date of P.L. , c. (pending
36 before the Legislature as this bill) and upon the expiration of any
37 applicable binding collective negotiations agreement in force on
38 that effective date, employees of a local board of education shall
39 pay 1.5 percent of base salary, through the withholding of the
40 contribution from the pay, salary or other compensation, for health
41 care benefits coverage provided pursuant to P.L.1979, c.391
42 (C.18A:16-12 et seq.), notwithstanding any other amount that may
43 be required additionally pursuant to subsection a. of this section for
44 such coverage. This subsection shall apply also when the health
45 care benefits coverage is provided through an insurance fund or
46 joint insurance fund or in any other manner.¹

47 (cf: P.L.1979, c.391, s.6)

1 ¹14. N.J.S.40A:10-21 is amended to read as follows:

2 40A:10-21. a. Any employer entering into a contract pursuant
3 to this subarticle is hereby authorized to pay part or all of the
4 premiums or charges for the contracts and may appropriate out of
5 its general funds any money necessary to pay premiums or charges
6 or portions thereof. The contribution required of any employee
7 toward the cost of coverage may be deducted from the pay, salary
8 or other compensation of the employee upon an authorization in
9 writing made to the appropriate disbursing officer.

10 The employer may reimburse an active employee for his
11 premium charges under Part B of the Federal Medicare Program
12 covering the employee alone.

13 Nothing herein shall be construed as compelling an employer to
14 pay any portion of the premiums or charges attributable to the
15 contracts.

16 b. Commencing on the effective date of P.L. , c. (pending
17 before the Legislature as this bill) and upon the expiration of any
18 applicable binding collective negotiations agreement in force on
19 that effective date, employees of an employer shall pay 1.5 percent
20 of base salary, through the withholding of the contribution from the
21 pay, salary or other compensation, for health care benefits coverage
22 provided pursuant to N.J.S.40A:10-17, notwithstanding any other
23 amount that may be required additionally pursuant to subsection a.
24 of this section for such coverage. This subsection shall apply also
25 when the health care benefits coverage is provided through an
26 insurance fund or joint insurance fund or in any other manner. This
27 subsection shall apply to any agency, board, commission, authority,
28 or instrumentality of a local unit.¹

29 (cf: N.J.S.40A:10-21)

30

31 ¹15. N.J.S.40A:10-23 is amended to read as follows:

32 40A:10-23. a. Retired employees shall be required to pay for
33 the entire cost of coverage for themselves and their dependents at
34 rates which are deemed to be adequate to cover the benefits, as
35 affected by Medicare, of the retired employees and their dependents
36 on the basis of the utilization of services which may be reasonably
37 expected of the older age classification; provided, however, that the
38 total rate payable by a retired employee for himself and his
39 dependents, for coverage under the contract and for Part B of
40 Medicare, shall not exceed by more than 25% the total amount that
41 would have been required to have been paid by the employee and
42 his employer for the coverage maintained had he continued in office
43 or active employment and he and his dependents were not eligible
44 for Medicare benefits.

45 The employer may, in its discretion, assume the entire cost or a
46 portion of the cost of such coverage and pay all or a portion of the
47 premiums for employees a. who have retired on a disability pension,
48 or b. who have retired after 25 years or more of service credit in a

1 State or locally administered retirement system and a period of
2 service of up to 25 years with the employer at the time of
3 retirement, such period of service to be determined by the employer
4 and set forth in an ordinance or resolution as appropriate, or c. who
5 have retired and reached the age of 65 years or older with 25 years
6 or more of service credit in a State or locally administered
7 retirement system and a period of service of up to 25 years with the
8 employer at the time of retirement, such period of service to be
9 determined by the employer and set forth in an ordinance or
10 resolution as appropriate, or d. who have retired and reached the age
11 of 62 years or older with at least 15 years of service with the
12 employer, including the premiums on their dependents, if any,
13 under uniform conditions as the governing body of the local unit
14 shall prescribe. The period of time a county law enforcement
15 officer has been employed by any county or municipal police
16 department, sheriff's department or county prosecutor's office, may
17 be counted cumulatively as "service with the employer" for the
18 purpose of qualifying for payment of health insurance premiums by
19 the county pursuant to this section.

20 b. An employee who becomes a member of a State or locally-
21 administered retirement system on or after the effective date of
22 P.L. , c. (pending before the Legislature as this bill) shall pay in
23 retirement 1.5 percent of the retiree's monthly retirement
24 allowance, including any future cost-of-living adjustments, through
25 the withholding of the contribution from the monthly retirement
26 allowance, for health care benefits coverage provided under
27 N.J.S.40A:10-22, notwithstanding any other amount that may be
28 required additionally by the employer or through a collective
29 negotiations agreement for such coverage. This subsection shall
30 apply also when the health care benefits coverage is provided
31 through an insurance fund or joint insurance fund or in any other
32 manner. This subsection shall apply to any agency, board,
33 commission, authority, or instrumentality of a local unit.¹

34 (cf: P.L.1995, c.136, s.1)

35

36 ¹16. (New section) Commencing on the effective date of
37 P.L. , c. (pending before the Legislature as this bill) and upon
38 the expiration of any applicable binding collective negotiations
39 agreement in force on that effective date, employees of a county
40 college shall pay 1.5 percent of base salary, through the withholding
41 of the contribution from the pay, salary or other compensation, for
42 health care benefits coverage provided by the employer,
43 notwithstanding any other amount that may be required additionally
44 by the employer or through collective negotiations agreements for
45 such coverage. This section shall apply also when the health care
46 benefits coverage is provided through an insurance fund or joint
47 insurance fund or in any other manner.¹

1 ¹17. Section 3 of P.L.2003, c.3 (C.18A:64A-13.1) is amended to
2 read as follows:

3 3. Notwithstanding the provisions of any other law to the
4 contrary, a county college that enters into a contract providing group
5 health care benefits to its employees may allow any employee who is
6 eligible for other health care coverage to waive coverage under the
7 county college's plan to which the employee is entitled by virtue of
8 employment with the county college. The waiver shall be in such
9 form as the county college shall prescribe and shall be filed with the
10 county college. In consideration of filing such a waiver, a county
11 college may pay to the employee annually an amount, to be established
12 in the sole discretion of the county college, which shall not exceed
13 50% of the amount saved by the county college because of the
14 employee's waiver of coverage, and, for a waiver filed on or after the
15 effective date of P.L. _____, c. _____ (pending before the Legislature as this
16 bill), which shall not exceed 25%, or \$5,000, whichever is less, of the
17 amount saved by the county college because of the employee's waiver
18 of coverage. An employee who waives coverage shall be permitted to
19 resume coverage under the same terms and conditions as apply to
20 initial coverage if the employee ceases to be covered through the other
21 health care coverage for any reason, including, but not limited to, the
22 retirement or death of the employee's spouse or divorce. An employee
23 who resumes coverage shall repay, on a pro rata basis, any amount
24 received which represents an advance payment for a period of time
25 during which coverage is resumed. An employee who wishes to
26 resume coverage shall file a declaration with the county college in
27 such form as the county college shall prescribe, that the waiver is
28 revoked. The decision of a county college to allow its employees to
29 waive coverage and the amount of consideration to be paid therefor
30 shall not be subject to the collective bargaining process.¹

31 (cf: P.L.2003, c.3, s.3)

32

33 ¹18. Section 37 of P.L.1995, c.259 (C.40A:10-17.1) is amended to
34 read as follows:

35 37. Notwithstanding the provisions of any other law to the
36 contrary, a county, municipality or any contracting unit as defined in
37 section 2 of P.L.1971, c.198 (C.40A:11-2) which enters into a contract
38 providing group health care benefits to its employees pursuant to
39 N.J.S.40A:10-16 et seq., may allow any employee who is eligible for
40 other health care coverage to waive coverage under the county's,
41 municipality's or contracting unit's plan to which the employee is
42 entitled by virtue of employment with the county, municipality or
43 contracting unit. The waiver shall be in such form as the county,
44 municipality or contracting unit shall prescribe and shall be filed with
45 the county, municipality or contracting unit. In consideration of filing
46 such a waiver, a county, municipality or contracting unit may pay to
47 the employee annually an amount, to be established in the sole
48 discretion of the county, municipality or contracting unit, which shall

1 not exceed 50% of the amount saved by the county, municipality or
2 contracting unit because of the employee's waiver of coverage, and
3 for a waiver filed on or after the effective date of P.L. , c. (pending
4 before the Legislature as this bill), which shall not exceed 25%, or
5 \$5,000, whichever is less, of the amount saved by the county,
6 municipality or contracting unit because of the employee's waiver of
7 coverage. An employee who waives coverage shall be permitted to
8 resume coverage under the same terms and conditions as apply to
9 initial coverage if the employee ceases to be covered through the
10 employee's spouse for any reason, including, but not limited to, the
11 retirement or death of the spouse or divorce. An employee who
12 resumes coverage shall repay, on a pro rata basis, any amount received
13 which represents an advance payment for a period of time during
14 which coverage is resumed. An employee who wishes to resume
15 coverage shall file a declaration with the county, municipality or
16 contracting unit, in such form as the county, municipality or
17 contracting unit shall prescribe, that the waiver is revoked. The
18 decision of a county, municipality or contracting unit to allow its
19 employees to waive coverage and the amount of consideration to be
20 paid therefor shall not be subject to the collective bargaining process.¹
21 (cf: P.L.2003. c.3, s.1)

22

23 ¹[13.] 19.¹ This act shall take effect on the 60th day following
24 enactment.

SENATE, No. 3

STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED FEBRUARY 8, 2010

Sponsored by:

Senator MICHAEL J. DOHERTY
District 23 (Warren and Hunterdon)
Senator JIM WHELAN
District 2 (Atlantic)

Co-Sponsored by:

Senators Vitale, Lesniak, Oroho, Kyrillos, Beach, Gordon, Bateman, O'Toole, T.Kean, A.R.Bucco, Cardinale, Beck, B.Smith, Stack, Scutari, Madden, Sweeney, Buono, Ruiz, Gill and Pennacchio

SYNOPSIS

Makes various changes to SHBP and SEHBP concerning eligibility, cost sharing, choice of plan, application of benefit change, waiver of coverage, and multiple coverage.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning the eligibility for and the benefits provided
2 through the State Health Benefits Program and the School
3 Employees' Health Benefits Program and amending various parts
4 of the statutory law.

5

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

8

9 1. Section 6 of P.L.1996, c.8 (C.52:14-17.28b) is amended to
10 read as follows:

11 6. a. Notwithstanding the provisions of any other law to the
12 contrary, the obligations of the State or an independent State
13 authority, board, commission, corporation, agency, or organization
14 to pay the premium or periodic charges for health benefits coverage
15 provided under P.L.1961, c.49 (C.52:14-17.25 et seq.) may be
16 determined by means of a binding collective negotiations
17 agreement, including any agreements in force at the time of the
18 adoption of P.L.1996, c.8. With respect to State employees for
19 whom there is no majority representative for collective negotiations
20 purposes, the commission may, in its sole discretion, modify the
21 respective payment obligations set forth in P.L.1961, c.49 for the
22 State and such employees in a manner consistent with the terms of
23 any collective negotiations agreement binding on the State. With
24 respect to employees of an independent State authority, board,
25 commission, corporation, agency, or organization for whom there is
26 no majority representative for collective negotiations purposes, the
27 employer may, in its sole discretion, modify the respective payment
28 obligations set forth in P.L.1961, c.49 for such employer and such
29 employees in a manner consistent with the terms of any collective
30 negotiations agreement binding on such employer. The provisions
31 of this subsection shall also apply to employees deemed or
32 considered to be employees of the State pursuant to subsection (c)
33 of section 2 of P.L.1961, c.49 (C.52:14-17.26).

34 b. (1) Notwithstanding the provisions of any other law to the
35 contrary, for each State employee who accrues 25 years of
36 nonconcurrent service credit in one or more State or locally-
37 administered retirement systems before July 1, 1997, excepting the
38 employee who elects deferred retirement, the State, upon the
39 employee's retirement, shall pay the full cost of the premium or
40 periodic charges for the health benefits provided to a retired State
41 employee and dependents covered under the State Health Benefits
42 Program, but not including survivors, and shall also reimburse the
43 retired employee for premium charges under Part B of Medicare
44 covering the retired employee and the employee's spouse.

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 (2) Notwithstanding the provisions of any other law to the
2 contrary, and except as otherwise provided by section 8 of
3 P.L.1961, c.49 (C.52:14-17.32) as amended by P.L.2005, c.341, and
4 by subsection c. of this section, for each State employee who
5 accrues 25 years of nonconcurrent service credit in one or more
6 State or locally-administered retirement systems on or after July 1,
7 1997, excepting the employee who elects deferred retirement, the
8 State, upon the employee's retirement, shall pay the premium or
9 periodic charges for the health benefits provided to a retired State
10 employee and dependents covered under the State Health Benefits
11 Program, but not including survivors, and shall reimburse the
12 retired employee for premium charges under Part B of Medicare
13 covering the retired employee and the employee's spouse: (a) in
14 accordance with the provisions, if any, concerning health benefits
15 coverage in retirement which are in the collective negotiations
16 agreement applicable to the employee at the time of the employee's
17 accrual of 25 years of nonconcurrent service credit in one or more
18 State or locally-administered retirement systems, or (b) if the
19 employee has no majority representative for collective negotiations
20 purposes, in a manner consistent with the terms, if any, concerning
21 health benefits coverage in retirement which are in any collective
22 negotiations agreement deemed applicable by the State Health
23 Benefits Commission to that employee at the time of the employee's
24 accrual of 25 years of nonconcurrent service credit in one or more
25 State or locally-administered retirement systems. The terms for the
26 payment of premiums or periodic charges established pursuant to
27 this paragraph for the traditional plan shall apply to the successor
28 plan, and the terms for the payment of premiums or periodic
29 charges established pursuant to this paragraph for the NJ PLUS plan
30 shall apply to the State managed care plan required to be included
31 in a contract entered into pursuant to subsection c. of section 4 of
32 P.L.1961, c.49 (C.52:14-17.28).

33 c. (1) Effective July 1, 2007, but, with respect to employees to
34 whom this subsection applies who are paid through the State
35 centralized payroll, effective with the first pay period beginning
36 after July 1, 2007, the cost of benefits provided pursuant to
37 P.L.1961, c.49 (C.52:14-17.25 et seq.) shall be shared by employees
38 through the withholding of a contribution in an amount as
39 determined in accordance with paragraph (2) of this subsection.

40 (2) The amount of the contribution required pursuant to
41 paragraph (1) of this subsection as to State employees and
42 employees of an independent State authority, board, commission,
43 corporation, agency, or organization for whom there is a majority
44 representative for collective negotiations purposes shall be
45 determined by means of a binding collective negotiations
46 agreement. Commencing on the effective date of P.L. _____,
47 c. (pending before the Legislature as this bill) and upon the
48 expiration of any applicable binding collective negotiations

1 agreement in force on that effective date, the amount of the
2 contribution required pursuant to paragraph (1) of this subsection
3 by State employees and employees of an independent State
4 authority, board, commission, corporation, agency, or organization
5 for whom there is a majority representative for collective
6 negotiations purposes shall be 1.5% of base salary, notwithstanding
7 any other amount that may be required additionally pursuant to this
8 paragraph by means of a binding collective negotiations agreement.

9 The amount of the contribution required pursuant to paragraph
10 (1) of this subsection as to State employees for whom there is no
11 majority representative for collective negotiations purposes shall be
12 determined in a manner consistent with the terms, if any,
13 concerning health benefits coverage which are in a collective
14 negotiations agreement deemed applicable by the commission to the
15 employee. The amount of the contribution required pursuant to
16 paragraph (1) of this subsection as to employees of an independent
17 State authority, board, commission, corporation, agency, or
18 organization for whom there is no majority representative for
19 collective negotiations purposes shall be determined in a manner
20 consistent with the terms, if any, concerning health benefits
21 coverage which are in a collective negotiations agreement deemed
22 applicable by the employer to the employee. The amount of the
23 contribution required pursuant to paragraph (1) of this subsection as
24 to State employees or employees of an independent State authority,
25 board, commission, corporation, agency, or organization for whom
26 there is no majority representative for collective negotiations
27 purposes shall be 1.5 percent of base salary, notwithstanding any
28 other amount that may be required additionally pursuant to this
29 paragraph by means of the application of the terms of a binding
30 collective negotiations agreement.

31 (3) Except as provided in paragraph (5) of this subsection, the
32 cost of benefits provided pursuant to P.L.1961, c.49 (C.52:14-17.25
33 et seq.) shall be shared by retirees to whom this subsection applies
34 through the withholding of a contribution in an amount as
35 determined in accordance with paragraph (4) of this subsection.

36 (4) The amount of the contribution required pursuant to
37 paragraph (3) of this subsection as to State employees and
38 employees of an independent State authority, board, commission,
39 corporation, agency, or organization for whom there is a majority
40 representative for collective negotiations purposes who accrue 25
41 years of nonconcurrent service credit in one or more State or
42 locally-administered retirement systems on or after July 1, 2007,
43 and who retire on or after July 1, 2007, excepting employees who
44 elect deferred retirement, but including those who retire on a
45 disability pension after July 1, 2007, shall be determined by means
46 of a binding collective negotiations agreement applicable at the
47 time of the employee's accrual of 25 years of nonconcurrent service
48 credit in one or more State or locally-administered retirement

1 systems. The amount of the contribution required pursuant to
2 paragraph (3) of this subsection as to State employees or employees
3 of an independent State authority, board, commission, corporation,
4 agency, or organization for whom there is no majority
5 representative for collective negotiations purposes who accrue 25
6 years of nonconcurrent service credit in one or more State or
7 locally-administered retirement systems on or after July 1, 2007,
8 and who retire on or after July 1, 2007, excepting employees who
9 elect deferred retirement, but including those who retire on a
10 disability pension after July 1, 2007, shall be determined in a
11 manner consistent with the terms, if any, concerning health benefits
12 coverage in retirement which are in any collective negotiations
13 agreement deemed applicable by the commission to that employee
14 at the time of the employee's accrual of 25 years of nonconcurrent
15 service credit in one or more State or locally-administered
16 retirement systems, except that for employees who accrue 25 years
17 of nonconcurrent service credit in one or more State or locally-
18 administered retirement systems in the period beginning July 1,
19 2007, and ending June 30, 2011, the contribution shall be 1.5
20 percent of the monthly retirement allowance, including any future
21 cost-of-living adjustments, or, with respect to retirees for whom
22 there is no majority representative and who are members of the
23 alternate benefit program, an amount determined pursuant to a
24 formula developed by the commission that shall be designed to
25 result in a contribution that is comparable to the contribution that
26 applies to retirees who are not members of the alternate benefit
27 program.

28 (5) The contribution required pursuant to paragraph (3) of this
29 subsection shall not take effect until the New Jersey Retirees'
30 Wellness Program is open for enrollment and thereafter the
31 contribution shall be waived for a retiree who participates in the
32 New Jersey Retirees' Wellness Program. The Division of Pensions
33 and Benefits shall issue a report on the New Jersey Retirees'
34 Wellness Program. The report shall include, but need not be limited
35 to, the claims experience with regard to retirees in the program, and
36 the costs and savings realized. The report shall be issued at the end
37 of the third year after the program's implementation or by
38 December 30, 2010, whichever is earlier. The report shall be
39 submitted to the Governor, the Legislature, and the State Treasurer.

40 (6) Any employee or retiree from whom withholding of a
41 contribution is required pursuant to this subsection shall not be
42 required to pay any percentage of the premiums or periodic charges
43 for health care benefits provided under P.L.1961, c.49 (C.52:14-
44 17.25 et seq.), other than dental benefits.

45 (7) The contribution required pursuant to this subsection may be
46 terminated only upon withdrawal from all health care benefits
47 coverage as an employee or retiree, other than coverage for dental
48 benefits, and the submission to the commission of written

1 certification by the employee that the employee is covered by other
2 health care benefits and that those benefits are in force. The
3 commission shall not apply the written certification requirement to
4 retirees or to employees to whom Article VI, Section VI, paragraph
5 6 of the New Jersey Constitution applies.

6 d. The amount of contribution required pursuant to paragraph
7 (3) of subsection c. of this section in retirement as to a State
8 employee and employee of an independent State authority, board,
9 commission, corporation, agency, or organization who becomes a
10 member of a State or locally-administered retirement system on or
11 after the effective date of P.L. , c. (pending before the
12 Legislature as this bill), for whom there is a majority representative
13 for collective negotiations purposes and for whom there is no such
14 representative, shall be 1.5 percent of the retiree's monthly
15 retirement allowance, including any future cost-of-living
16 adjustments, or with respect to members of the alternate benefit
17 program, an amount determined pursuant to the formula specified in
18 paragraph (4) of subsection c. of this section, notwithstanding any
19 other amount that may be required additionally pursuant to
20 paragraph (4) of subsection c. of this section by means of a binding
21 collective negotiations agreement or by means of the application of
22 the terms of such an agreement. The contribution required by this
23 subsection or pursuant to paragraph (4) of subsection c. of this
24 section for officers or employees specified in this subsection shall
25 not be waived for a retiree who participates in the New Jersey
26 Retirees' Wellness Program.

27 (cf: P.L.2007, c.103, s.22)

28

29 2. Section 3 of P.L.1987, c.384 (C.52:14-17.32f) is amended to
30 read as follows:

31 3. A qualified retiree from the Teachers' Pension and Annuity
32 Fund (N.J.S.18A:66-1 et seq.) and dependents of a qualified retiree,
33 but not including survivors, are eligible to participate in the State
34 Health Benefits Program until June 30, 2008, and beginning July 1,
35 2008, in the School Employees' Health Benefits Program, regardless
36 of whether the retiree's employer participated in the program.

37 A qualified retiree is a retiree who:

38 a. Retired on a benefit based on 25 or more years of service
39 credit;

40 b. Retired on a disability pension based on fewer years of
41 service credit; or

42 c. Elected deferred retirement based on 25 or more years of
43 service credit and who receives a retirement allowance.

44 The program shall reimburse a qualified retiree who participates
45 in the program for the premium charges under Part B of the federal
46 Medicare program for the retiree and the retiree's spouse. A
47 qualified retiree who retired under subsections a. and b. of this
48 section prior to the effective date of this 1987 amendatory and

1 supplementary act is eligible for the coverage if the retiree applies
2 to the program for it within one year after the effective date, and a
3 qualified retiree as defined under subsection c. of this section whose
4 retirement allowance commenced prior to the effective date of this
5 1992 amendatory act is eligible for the coverage if the retiree
6 applies to the program for it within one year after the effective date.

7 The premium or periodic charges for benefits provided to a
8 qualified retiree and the dependents of the retiree, and the cost for
9 reimbursement of Medicare premiums shall be paid by the State.
10 An employee who becomes a member of the Teachers' Pension and
11 Annuity Fund on or after the effective date of P.L. , c. (pending
12 before the Legislature as this bill) shall pay as a qualified retiree 1.5
13 percent of the retiree's monthly retirement allowance, including any
14 future cost-of-living adjustments, through the withholding of the
15 contribution, for health benefits coverage provided under P.L.2007,
16 c.103 (C.52:14-17.46.1 et seq.) and the State shall pay the
17 remainder of the premium or periodic charges for benefits provided
18 to a qualified retiree and the dependents of the retiree, and the cost
19 for reimbursement of Medicare premiums.
20 (cf: P.L.2007, c.103, s.42)

21
22 3. Section 2 of P.L.1992, c.126 (C.52:14-17.32f1) is amended
23 to read as follows:

24 2. The provisions of section 3 of P.L.1987, c.384 (C.52:14-
25 17.32f) shall apply to:

26 a. any employee of a board of education who retires on a
27 benefit or benefits based in the aggregate upon 25 or more years of
28 nonconcurrent service credit in one or more State or locally-
29 administered retirement systems, or retires on a disability pension
30 based upon fewer years of service credit in that system or systems,
31 or elected deferred retirement based in the aggregate upon 25 or
32 more years of nonconcurrent service credit in one or more State or
33 locally-administered retirement systems and receives a retirement
34 allowance from that system or systems;

35 b. any employee of a county college who retires on a benefit or
36 benefits based in the aggregate upon 25 or more years of
37 nonconcurrent service credit in one or more State or locally-
38 administered retirement systems, or retires on a disability pension
39 based upon fewer years of service credit in that system or systems,
40 or elected deferred retirement based in the aggregate upon 25 or
41 more years of nonconcurrent service credit in one or more State or
42 locally-administered retirement systems and receives a retirement
43 allowance from that system or systems; or who receives a disability
44 benefit pursuant to section 18 of P.L.1969, c.242 (C.18A:66-184);
45 and

46 c. any employee of a county college who retires on a benefit
47 based upon 10 or more years of service credit in the alternate
48 benefit program (P.L.1969, c.242; C.18A:66-167 et seq.) and who

1 has additional years of service credited in another defined
2 contribution retirement program as an employee of a private
3 institution of higher education which, under contract with a county
4 government, provided services as a county college and subsequently
5 merged with a county technical institute to become a county
6 college, which additional years of service when added to the service
7 credited in the alternate benefit program totals 25 or more years and
8 any such employee who retired prior to the effective date of
9 P.L.1999, c.382 if the employee applies to the program for coverage
10 within one year after the effective date of P.L.1999, c.382.

11 The costs of the premium or periodic charges for the benefits and
12 reimbursement of medicare premiums provided to a retiree and the
13 dependents of the retiree under this section shall be paid by the
14 State. An employee who becomes a member of a State or locally-
15 administered retirement system on or after the effective date of
16 P.L. , c. (pending before the Legislature as this bill) shall pay as
17 a qualified retiree 1.5 percent of the retiree's monthly retirement
18 allowance, including any future cost-of-living adjustments, through
19 the withholding of the contribution, for health benefits coverage
20 provided under P.L.2007, c.103 (C.52:14-17.46.1 et seq.) and the
21 State shall pay the remainder of the premium or periodic charges
22 for benefits provided to a qualified retiree and the dependents of the
23 retiree, and the cost for reimbursement of Medicare premiums.
24 (cf: P.L.2001, c.209, s.3)

25

26 4. Section 1 of P.L.1995, c.357 (C.52:14-17.32f2) is amended
27 to read as follows:

28 1. The provisions of section 3 of P.L.1987, c.384 (C.52:14-
29 17.32f) shall apply to any employee of a board of education who is
30 a member of a pension fund created prior to **the effective date of**
31 **this act** January 5, 1996 under the provisions of article 2 of chapter
32 66 of Title 18A of the New Jersey Statutes (N.J.S.18A:66-94 et
33 seq.) and who retires on a benefit based upon 25 or more years of
34 service credit in the pension fund, or retires on a disability pension
35 based upon fewer years of service credit in that pension fund, or
36 elected deferred retirement based upon 25 or more years of service
37 credit and receives a retirement allowance from that pension fund,
38 except that the costs of the premium or periodic charges for the
39 benefits and reimbursement of medicare premiums provided to a
40 retiree and the dependents of the retiree under this section shall be
41 paid by the State. An employee who becomes a member of the
42 pension fund on or after the effective date of P.L. , c. (pending
43 before the Legislature as this bill) shall pay in retirement 1.5
44 percent of the retiree's monthly retirement allowance, including any
45 future cost-of-living adjustments, through the withholding of the
46 contribution, for health benefits coverage provided under P.L.2007,
47 c.103 (C.52:14-17.46.1 et seq.) and the State shall pay the
48 remainder of the premium or periodic charges for benefits provided

1 to a qualified retiree and the dependents of the retiree, and the cost
2 for reimbursement of Medicare premiums.

3 An employee who retired prior to the effective date of this act is
4 eligible for the coverage if the employee applies to the program for
5 it within one year after the effective date.

6 (cf: P.L.1995, c.357, s.1)

7

8 5. Section 7 of P.L.1964, c.125 (C.52:14-17.38) is amended to
9 read as follows:

10 7. a. The Division of Pensions and Benefits shall certify to the
11 certifying agent of each employer electing participation under the
12 program the premium rates and periodic charges applicable to the
13 coverage provided for employees and dependents. The
14 participating employer shall remit to the division all contributions
15 to premiums and periodic charges in advance of their due dates,
16 subject to the rules and regulations of the commission.

17 Notwithstanding the provisions of any other law to the contrary,
18 the obligations of a participating employer other than the State to
19 pay the premium or periodic charges for health benefits coverage
20 provided under P.L.1961, c.49 (C.52:14-17.25 et seq.) may be
21 determined by means of a binding collective negotiations
22 agreement. With respect to employees for whom there is no
23 majority representative for collective negotiations purposes, the
24 employer may, in its sole discretion, modify the respective payment
25 obligations set forth in law for the employer and such employees in
26 a manner consistent with the terms of any collective negotiations
27 agreement binding on the employer. Commencing on the effective
28 date of P.L. , c. (pending before the Legislature as this bill) and
29 upon the expiration of any applicable binding collective
30 negotiations agreement in force on that effective date, employees of
31 an employer other than the State shall pay 1.5 percent of base
32 salary, through the withholding of the contribution, for health
33 benefits coverage provided under P.L.1961, c.49 (C.52:14-17.25 et
34 seq.), notwithstanding any other amount that may be required
35 additionally pursuant to this paragraph by means of a binding
36 collective negotiations agreement or the modification of payment
37 obligations.

38 b. (1) From funds allocated therefor, the employer other than
39 the State, upon the adoption and submission to the division of an
40 appropriate resolution prescribed by the commission, may pay the
41 premium or periodic charges for the benefits provided to a retired
42 employee and the employee's dependents covered under the
43 program, if the employee retired from a State or locally-
44 administered retirement system, excepting the employee who
45 elected deferred retirement, and may also reimburse the retired
46 employee for the employee's premium charges under Part B of
47 Medicare covering the retired employee and the employee's spouse
48 if the employee:

1 (a) retired on a disability pension; or

2 (b) retired after 25 or more years of nonconcurrent service credit
3 in one or more State or locally-administered retirement systems,
4 excluding service credited under the Defined Contribution
5 Retirement Program established pursuant to P.L.2007, c.92
6 (C.43:15C-1 et al.), and a period of service of up to 25 years with
7 the employer at the time of retirement, such period of service to be
8 determined by the employer and set forth in an ordinance or
9 resolution as appropriate; or

10 (c) retired and reached the age of 65 years or older with 25
11 years or more of nonconcurrent service credit in one or more State
12 or locally-administered retirement systems, excluding service
13 credited under the Defined Contribution Retirement Program, and a
14 period of service of up to 25 years with the employer at the time of
15 retirement, such period of service to be determined by the employer
16 and set forth in an ordinance or resolution as appropriate; or

17 (d) retired and reached the age of 62 years or older with at least
18 15 years of service with the employer, excluding service credited
19 under the Defined Contribution Retirement Program.

20 "Retired employee and the employee's dependents" may, upon
21 adoption of an appropriate resolution therefor by the participating
22 employer, also include otherwise eligible employees, and their
23 dependents, who retired from one or more State or locally-
24 administered retirement systems prior to the date that the employer
25 became a participating employer in the New Jersey State Health
26 Benefits Program or who did not elect to continue coverage in the
27 program during such time after the employer became a participating
28 employer that the employer did not pay premium or periodic
29 charges for benefits to retired employees and their dependents
30 pursuant to this section. Eligibility and enrollment of such
31 employees and dependents shall be in accordance with such rules
32 and regulations as may be adopted by the State Health Benefits
33 Commission.

34 The employer other than the State may, by resolution, pay the
35 premium or periodic charges for the benefits provided to the
36 surviving spouse of a retired employee and the employee's
37 dependents covered under the program as provided in this section.

38 (2) Notwithstanding the provisions of any other law to the
39 contrary, the obligations of an employer other than the State, except
40 an independent State authority, board, commission, corporation,
41 agency, or organization deemed to be covered by section 6 of
42 P.L.1996, c.8 (C.52:14-17.28b) and except school boards whose
43 employees are covered by section 3 of P.L.1987, c.384 (C.52:14-
44 17.32f), section 2 of P.L.1992, c.126 (C.52:14-17.32f1) and section
45 1 of P.L.1995, c.357 (C.52:14-17.32f2), to pay the premium or
46 periodic charges for health benefits coverage under the provisions
47 of paragraph (1) may be determined by means of a binding
48 collective negotiations agreement, including any agreement in force

1 at the time of the adoption of this act, P.L.1999, c.48. With respect
2 to employees for whom there is no majority representative for
3 collective negotiations purposes, the employer may, in its sole
4 discretion, determine the payment obligations for the employer and
5 the employees, except that if there are collective negotiations
6 agreements binding upon the employer for employees who are
7 within the same community of interest as employees in a collective
8 negotiations unit but are excluded from participation in the unit by
9 the "New Jersey Employer-Employee Relations Act," P.L.1941,
10 c.100 (C.34:13A-1 et seq.), the payment obligations shall be
11 determined in a manner consistent with the terms of any collective
12 negotiations agreement applicable to the collective negotiations
13 unit. An employee who becomes a member of a State or locally-
14 administered retirement system on or after the effective date of
15 P.L. , c. (pending before the Legislature as this bill) shall pay in
16 retirement 1.5 percent of the retiree's monthly retirement
17 allowance, including any future cost-of-living adjustments, through
18 the withholding of the contribution, for health benefits coverage
19 provided under P.L.1961, c.49 (C.52:14-17.25 et seq.),
20 notwithstanding any other amount that may be required additionally
21 pursuant to this paragraph by means of a binding collective
22 negotiations agreement or the determination of payment obligations.

23 c. Notwithstanding the provisions of any other law to the
24 contrary, the payment obligations of an employee of an employer
25 other than the State, except an independent State authority, board,
26 commission, corporation, agency, or organization, for health
27 benefits coverage under subsection b. shall be the payment
28 obligations applicable to the employee on the date the employee
29 retires on a disability pension or the date the employee meets the
30 service credit and service requirements for the employer payment
31 for the coverage, as the case may be.

32 (cf: P.L.2007, c.92, s.30)

33

34 6. Section 39 of P.L.2007, c.103 (C.52:14-17.46.9) is amended
35 to read as follows:

36 39. a. For each active covered employee and for the eligible
37 dependents the employee may have enrolled at the employee's
38 option, from funds appropriated therefor, the employer shall pay to
39 the commission the premium or periodic charges for the benefits
40 provided under the contract in amounts equal to the premium or
41 periodic charges for the benefits provided under such a contract
42 covering the employee and the employee's enrolled dependents.

43 b. The obligations of any employer to pay the premium or
44 periodic charges for health benefits coverage provided under the
45 School Employees' Health Benefits Program Act, sections 31
46 through 41 of P.L.2007, c.103 (C.52:14-17.46.1 through C.52:14-
47 17.46.11), may be determined by means of a binding collective
48 negotiations agreement, including any agreement in force at the

1 time the employer commences participation in the School
2 Employees' Health Benefits Program. With respect to employees for
3 whom there is no majority representative for collective negotiations
4 purposes, the employer may, in its sole discretion, modify the
5 respective payment obligations set forth in law for the employer and
6 such employees in a manner consistent with the terms of any
7 collective negotiations agreement binding on the employer.

8 Commencing on the effective date of P.L. , c. (pending before
9 the Legislature as this bill) and upon the expiration of any
10 applicable binding collective negotiations agreement in force on
11 that effective date, employees shall pay 1.5 percent of base salary,
12 through the withholding of the contribution, for health benefits
13 coverage provided under P.L.2007, c.103 (C.52:14-17.46.1 et seq.),
14 notwithstanding any other amount that may be required additionally
15 pursuant to this subsection by means of a binding collective
16 negotiations agreement or the modification of payment obligations.

17 c. There is hereby established a School Employee Health
18 Benefits Program fund consisting of all contributions to premiums
19 and periodic charges remitted to the State treasury by participating
20 employers for employee coverage. All such contributions shall be
21 deposited in the fund and the fund shall be used to pay the portion
22 of the premium and periodic charges attributable to employee and
23 dependent coverage.

24 d. Notwithstanding any law to the contrary and except as
25 provided by amendment by P.L. , c. (pending before the
26 Legislature as this bill), the payment in full of premium or periodic
27 charges for eligible retirees and their dependents pursuant to section
28 3 of P.L.1987, c.384 (C.52:14-17.32f), section 2 of P.L.1992, c.126
29 (C.52:14-17.32f1), or section 1 of P.L.1995, c.357 (C.52:14-
30 17.32f2) shall be continued without alteration or interruption and
31 there shall be no premium sharing or periodic charges for school
32 employees in retirement once they have met the criteria for vesting
33 for pension benefits, which criteria for purposes of this subsection
34 only shall mean the criteria for vesting in the Teachers' Pension and
35 Annuity Fund. For purposes of this subsection, "premium sharing or
36 periodic charges" shall mean payments by eligible retirees based
37 upon a proportion of the premiums for health care benefits.

38 (cf: P.L.2007, c.103, s.39)

39
40 7. Section 6 of P.L.1964, c.125 (C.52:14-17.37) is amended to
41 read as follows:

42 6. a. Any employer eligible for participation in the program
43 may elect such participation by the adoption of a resolution by its
44 governing body, which would include the name and title of a
45 certifying agent, and a certified copy of the resolution shall be filed
46 with the commission. Any employer making such election shall
47 become a participating employer under the program, subject to and

1 in accordance with the rules and regulations of the commission
2 relating thereto.

3 b. Notwithstanding the provisions of any other law to the
4 contrary, the availability of plans within the program may be
5 limited for employees of a participating employer other than the
6 State pursuant to a binding collective negotiations agreement
7 between the employer and its employees or pursuant to the
8 application by the employer, in its sole discretion, of the terms of
9 any collective negotiations agreement binding on the employer to
10 employees for whom there is no majority representative for
11 collective negotiations purpose. The commission shall implement
12 the terms of such an agreement, and the application of such terms,
13 with regard to plan availability for employees of the employer. The
14 commission may impose such restrictions on the terms as the
15 commission may deem necessary to ensure the effective and
16 efficient operation of the program. This subsection shall apply to
17 the State Health Benefits Program and the School Employees'
18 Health Benefits Program.

19 (cf: P.L.1964, c.125, s.6)

20

21 8. Section 5 of P.L.1964, c.125 (C.52:14-17.36) is amended to
22 read as follows:

23 5. a. The commission established by section 3 of chapter 49 of
24 the laws of 1961, is hereby authorized to prescribe rules and
25 regulations satisfactory to the carrier or carriers under which
26 employers may participate in the health benefits program provided
27 by that act. All provisions of that act will, except as expressly
28 stated herein, be construed as to participating employers and to
29 their employees and to dependents of such employees the same as
30 for the State, employees of the State and dependents of such
31 employees.

32 b. All changes in the provision of health care benefits through
33 the program that are included in collective negotiations agreements
34 between the State and its employees entered into on or after the
35 effective date of P.L. , c. (pending before the Legislature as this
36 bill) shall be made applicable by the commission to participating
37 employers and their employees at the same time and in the same
38 manner as to State employees. This subsection shall be applicable
39 to the State Health Benefits Program and to the School Employees'
40 Health Benefits Program to the extent not inconsistent with the
41 provisions of sections 31 through 41 of P.L.2007, c.103 (C.52:14-
42 17.46.1 et seq.).

43 (cf: P.L.1964, c.125, s.5)

44

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

47 2. As used in this act:

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

1 (b) The term "commission" means the State Health Benefits
2 Commission, created by section 3 of this act.

3 (c) (1) The term "employee" means an appointive or elective
4 officer, a full-time employee of the State of New Jersey, or a full-
5 time employee of an employer other than the State who appears on
6 a regular payroll and receives a salary or wages for an average of
7 the number of hours per week as prescribed by the governing body
8 of the participating employer which number of hours worked shall
9 be considered full-time, determined by resolution, and not less than
10 20. (2) After the effective date of P.L. _____, c. _____ (pending before the
11 Legislature as this bill), the term "employee" means (i) a full-time
12 appointive or elective officer whose hours of work are fixed at 35 or
13 more per week, a full-time employee of the State, or a full-time
14 employee of an employer other than the State who appears on a
15 regular payroll and receives a salary or wages for an average of the
16 number of hours per week as prescribed by the governing body of
17 the participating employer which number of hours worked shall be
18 considered full-time, determined by resolution, and not less than 25,
19 or (ii) an appointive or elective officer, an employee of the State, or
20 an employee of an employer other than the State who has or is
21 eligible for health benefits coverage provided under P.L.1961, c.49
22 (C.52:14-17.25 et seq.) or sections 31 through 41 of P.L.2007, c.103
23 (C.52:14-17.46.1 et seq.) on that effective date and continuously
24 thereafter provided the officer or employee is covered by the
25 definition in paragraph (1) of this subsection. For the purposes of
26 this act an employee of Rutgers, The State University of New
27 Jersey, shall be deemed to be an employee of the State, and an
28 employee of the New Jersey Institute of Technology shall be
29 considered to be an employee of the State during such time as the
30 Trustees of the Institute are party to a contractual agreement with
31 the State Treasurer for the provision of educational services. The
32 term "employee" shall further mean, for purposes of this act, a
33 former employee of the South Jersey Port Corporation, who is
34 employed by a subsidiary corporation or other corporation, which
35 has been established by the Delaware River Port Authority pursuant
36 to subdivision (m) of Article I of the compact creating the Delaware
37 River Port Authority (R.S.32:3-2), as defined in section 3 of
38 P.L.1997, c.150 (C.34:1B-146), and who is eligible for continued
39 membership in the Public Employees' Retirement System pursuant
40 to subsection j. of section 7 of P.L.1954, c.84 (C.43:15A-7).

41 For the purposes of this act the term "employee" shall not
42 include persons employed on a short-term, seasonal, intermittent or
43 emergency basis, persons compensated on a fee basis, persons
44 having less than two months of continuous service or persons whose
45 compensation from the State is limited to reimbursement of
46 necessary expenses actually incurred in the discharge of their
47 official duties, provided, however, that the term "employee" shall
48 include persons employed on an intermittent basis to whom the

1 State has agreed to provide coverage under P.L.1961, c.49
2 (C.52:14-17.25 et seq.) in accordance with a binding collective
3 negotiations agreement. An employee paid on a 10-month basis,
4 pursuant to an annual contract, will be deemed to have satisfied the
5 two-month waiting period if the employee begins employment at
6 the beginning of the contract year. The term "employee" shall also
7 not include retired persons who are otherwise eligible for benefits
8 under this act but who, although they meet the age or disability
9 eligibility requirement of Medicare, are not covered by Medicare
10 Hospital Insurance, also known as Medicare Part A, and Medicare
11 Medical Insurance, also known as Medicare Part B. A determination
12 by the commission that a person is an eligible employee within the
13 meaning of this act shall be final and shall be binding on all parties.

14 (d) (1) The term "dependents" means an employee's spouse,
15 partner in a civil union couple or an employee's domestic partner as
16 defined in section 3 of P.L.2003, c.246 (C.26:8A-3), and the
17 employee's unmarried children under the age of 23 years who live
18 with the employee in a regular parent-child relationship. "Children"
19 shall include stepchildren, legally adopted children and children
20 placed by the Division of Youth and Family Services in the
21 Department of Children and Families, provided they are reported
22 for coverage and are wholly dependent upon the employee for
23 support and maintenance. A spouse, partner in a civil union couple,
24 domestic partner or child enlisting or inducted into military service
25 shall not be considered a dependent during the military service. The
26 term "dependents" shall not include spouses, partners in a civil
27 union couple or domestic partners of retired persons who are
28 otherwise eligible for the benefits under this act but who, although
29 they meet the age or disability eligibility requirement of Medicare,
30 are not covered by Medicare Hospital Insurance, also known as
31 Medicare Part A, and Medicare Medical Insurance, also known as
32 Medicare Part B.

33 (2) Notwithstanding the provisions of paragraph (1) of this
34 subsection to the contrary and subject to the provisions of paragraph
35 (3) of this subsection, for the purposes of an employer other than
36 the State that is participating in the State Health Benefits Program
37 pursuant to section 3 of P.L.1964, c.125 (C.52:14-17.34), the term
38 "dependents" means an employee's spouse or partner in a civil
39 union couple and the employee's unmarried children under the age
40 of 23 years who live with the employee in a regular parent-child
41 relationship. "Children" shall include stepchildren, legally adopted
42 children and children placed by the Division of Youth and Family
43 Services in the Department of Children and Families provided they
44 are reported for coverage and are wholly dependent upon the
45 employee for support and maintenance. A spouse, partner in a civil
46 union couple or child enlisting or inducted into military service
47 shall not be considered a dependent during the military service. The
48 term "dependents" shall not include spouses or partners in a civil

1 union couple of retired persons who are otherwise eligible for
2 benefits under P.L.1961, c.49 (C.52:14-17.25 et seq.) but who,
3 although they meet the age or disability eligibility requirement of
4 Medicare, are not covered by Medicare Hospital Insurance, also
5 known as Medicare Part A, and Medicare Medical Insurance, also
6 known as Medicare Part B.

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

13 (e) The term "carrier" means a voluntary association,
14 corporation or other organization, including a health maintenance
15 organization as defined in section 2 of the "Health Maintenance
16 Organizations Act," P.L.1973, c.337 (C.26:2J-2), which is lawfully
17 engaged in providing or paying for or reimbursing the cost of,
18 personal health services, including hospitalization, medical and
19 surgical services, under insurance policies or contracts, membership
20 or subscription contracts, or the like, in consideration of premiums
21 or other periodic charges payable to the carrier.

22 (f) The term "hospital" means (1) an institution operated
23 pursuant to law which is primarily engaged in providing on its own
24 premises, for compensation from its patients, medical diagnostic
25 and major surgical facilities for the care and treatment of sick and
26 injured persons on an inpatient basis, and which provides such
27 facilities under the supervision of a staff of physicians and with 24
28 hour a day nursing service by registered graduate nurses, or (2) an
29 institution not meeting all of the requirements of (1) but which is
30 accredited as a hospital by the Joint Commission on Accreditation
31 of Hospitals. In no event shall the term "hospital" include a
32 convalescent nursing home or any institution or part thereof which
33 is used principally as a convalescent facility, residential center for
34 the treatment and education of children with mental disorders, rest
35 facility, nursing facility or facility for the aged or for the care of
36 drug addicts or alcoholics.

37 (g) The term "State managed care plan" means a health care
38 plan under which comprehensive health care services and supplies
39 are provided to eligible employees, retirees, and dependents: (1)
40 through a group of doctors and other providers employed by the
41 plan; or (2) through an individual practice association, preferred
42 provider organization, or point of service plan under which services
43 and supplies are furnished to plan participants through a network of
44 doctors and other providers under contracts or agreements with the
45 plan on a prepayment or reimbursement basis and which may
46 provide for payment or reimbursement for services and supplies
47 obtained outside the network. The plan may be provided on an
48 insured basis through contracts with carriers or on a self-insured

1 basis, and may be operated and administered by the State or by
2 carriers under contracts with the State.

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

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

14 (j) The term "successor plan" means a State managed care plan
15 that shall replace the traditional plan and that shall provide benefits
16 as set forth in subsection (B) of section 5 of P.L.1961, c.49
17 (C.52:14-17.29) with provisions regarding reimbursements and
18 payments as set forth in paragraph (1) of subsection (C) of section 5
19 of P.L.1961, c.49 (C.52:14-17.29).
20 (cf: P.L.2008, c.89, s.15)

21

22 10. Section 32 of P.L.2007, c.103 (C.52:14-17.46.2) is amended
23 to read as follows:

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

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

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

31 c. The term "employer" means local school district, regional
32 school district, county vocational school district, county special
33 services school district, jointure commission, educational services
34 commission, State-operated school district, charter school, county
35 college, any officer, board, or commission under the authority of
36 the Commissioner of Education or of the State Board of Education,
37 and any other public entity which is established pursuant to
38 authority provided by Title 18A of the New Jersey Statutes, but
39 excluding the State public institutions of higher education and
40 excluding those public entities where the employer is the State of
41 New Jersey.

42 d. (1) The term "employee" means a person employed in any
43 full time capacity by an employer, and shall include persons defined
44 as a school employee by the regulations of the State Health Benefits
45 Commission in effect on the effective date of the School
46 Employees' Health Benefits Program Act. "Full-time" shall have the
47 same meaning as in the regulation of the State Health Benefits
48 Commission regarding local coverage in effect on the effective date

1 of the School Employees' Health Benefits Program Act. (2) After
2 the effective date of P.L. , c. (pending before the Legislature as
3 this bill), the term "employee" means (a) a person employed in any
4 full-time capacity by an employer who appears on a regular payroll
5 and receives a salary or wages for an average of the number of
6 hours per week as prescribed by the governing body of the
7 participating employer which number of hours worked shall be
8 considered full-time, determined by resolution, and not less than 25,
9 and shall include persons defined as a school employee by the
10 regulations of the State Health Benefits Commission in effect on the
11 effective date of the School Employees' Health Benefits Program
12 Act, or (b) a person employed in any full-time capacity by an
13 employer who has or is eligible for health benefits coverage
14 provided under P.L.1961, c.49 (C.52:14-17.25 et seq.) or sections
15 31 through 41 of P.L.2007, c.103 (C.52:14-17.46.1 et seq.) on that
16 effective date and continuously thereafter provided the person is
17 covered by the definition in paragraph (1) of this subsection. The
18 term "employee" shall not include persons employed on a short-
19 term, seasonal, intermittent, or emergency basis, persons
20 compensated on a fee basis, persons having less than two months of
21 continuous service or persons whose compensation is limited to
22 reimbursement of necessary expenses actually incurred in the
23 discharge of their official duties. An employee paid on a 10-month
24 basis, pursuant to an annual contract, shall be deemed to have
25 satisfied the two-month waiting period if the employee begins
26 employment at the beginning of the contract year. The term
27 "employee" shall also not include retired persons who are otherwise
28 eligible for benefits under the School Employees' Health Benefits
29 Program but who, although they meet the age or disability
30 eligibility requirement of Medicare, are not covered by Medicare
31 Hospital Insurance, also known as Medicare Part A, and Medicare
32 Medical Insurance, also known as Medicare Part B. A determination
33 by the commission that a person is an eligible employee for the
34 purposes of the School Employees' Health Benefits Program shall
35 be final and binding on all parties.

36 e. The term "dependents" means an employee's spouse,
37 domestic partner, or partner in a civil union couple, and unmarried
38 children under the age of 23 years who live in a regular parent/child
39 relationship. "Children" shall include stepchildren, legally adopted
40 children and children placed by the Division of Youth and Family
41 Services in the Department of Children and Families, provided they
42 are reported for coverage and are wholly dependent upon the
43 employee for support and maintenance. A spouse, domestic partner,
44 partner in a civil union couple, or child enlisting or inducted into
45 military service shall not be considered a dependent during the
46 military service. The term "dependents" shall not include spouses,
47 domestic partners, or partners in a civil union couple, of retired
48 persons who are otherwise eligible for the benefits under the School

1 Employees' Health Benefits Program but who, although they meet
2 the age or disability eligibility requirement of Medicare, are not
3 covered by Medicare Hospital Insurance, also known as Medicare
4 Part A, and Medicare Medical Insurance, also known as Medicare
5 Part B.

6 f. The term "carrier" means a voluntary association,
7 corporation or other organization, including but not limited to a
8 health maintenance organization as defined in section 2 of the
9 "Health Maintenance Organizations Act," P.L.1973, c.337 (C.26:2J-
10 2), which is lawfully engaged in providing or paying for or
11 reimbursing the cost of, personal health services, including
12 hospitalization, medical and surgical services under insurance
13 policies or contracts, membership or subscription contracts, or the
14 like, in consideration of premiums or other periodic charges payable
15 to the carrier.

16 g. The term "hospital" means:

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

24 (2) an institution not meeting all of the requirements of
25 paragraph (1) but which is accredited as a hospital by the Joint
26 Commission on Accreditation of Hospitals. In no event shall the
27 term "hospital" include a convalescent nursing home or any
28 institution or part thereof which is used principally as a
29 convalescent facility, residential center for the treatment and
30 education of children with mental disorders, rest facility, nursing
31 facility or facility for the aged or for the care of drug addicts or
32 alcoholics.

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

37 i. The term "managed care plan" means a health care plan
38 under which comprehensive health care services and supplies are
39 provided to eligible employees, retirees, and dependents: (1)
40 through a group of doctors and other providers employed by the
41 plan; or (2) through an individual practice association, preferred
42 provider organization, or point of service plan under which services
43 and supplies are furnished to plan participants through a network of
44 doctors and other providers under contracts or agreements with the
45 plan on a prepayment or reimbursement basis and which may
46 provide for payment or reimbursement for services and supplies
47 obtained outside the network. The plan may be provided on an
48 insured basis through contracts with carriers or on a self-insured

1 basis, and may be operated and administered by the State or by
2 carriers under contracts with the State.

3 j. The term "successor plan" means a managed care plan that
4 shall replace the "traditional plan," as defined in section 2 of
5 P.L.1961, c.49 (C.52:14-17.26), and that shall provide benefits as
6 set forth in section 36 of P.L.2007, c.103 (C.52:14-17.46.6), and
7 provide out-of-network benefits to participants with a payment by
8 the plan of 80% of reasonable and customary charges as set forth in
9 section 37 of P.L.2007, c.103 (C.52:14-17.46.7) and as may be
10 adjusted in accordance with section 40 of P.L.2007, c.103 (C.52:14-
11 17.46.10).

12 (cf: P.L.2007, c.103, s.32)

13

14 11. Section 36 of P.L.1995, c.259 (C.52:14-17.31a) is amended
15 to read as follows:

16 36. a. Notwithstanding the provisions of any other law to the
17 contrary, an employer other than the State which participates in the
18 State Health Benefits Program, established pursuant to P.L.1961,
19 c.49 (C.52:14-17.25 et seq.), may allow any employee who is
20 eligible for other health care coverage to waive coverage under the
21 State Health Benefits Program to which the employee is entitled by
22 virtue of employment with the employer. The waiver shall be in
23 such form as the Director of the Division of Pensions and Benefits
24 shall prescribe and shall be filed with the division. After such
25 waiver has been filed and for so long as that waiver remains in
26 effect, no premium shall be required to be paid by the employer for
27 the employee or the employee's dependents. Not later than the
28 180th day after the date on which the waiver is filed, the division
29 shall refund to the employer the amount of any premium previously
30 paid by the employer with respect to any period of coverage which
31 followed the filing date.

32 b. Notwithstanding the provisions of any other law to the
33 contrary, the State as an employer, or an employer that is an
34 independent authority, commission, board, or instrumentality of the
35 State which participates in the State Health Benefits Program, may
36 allow any employee who is eligible for other health care coverage
37 that is not under the State Health Benefits Program to waive the
38 coverage under the State Health Benefits Program to which the
39 employee is entitled by virtue of employment with the employer.
40 The waiver shall be in such form as the Director of the Division of
41 Pensions and Benefits shall prescribe and shall be filed with the
42 division.

43 c. In consideration of filing a waiver as permitted in
44 subsections a. and b. of this section, an employer may pay to the
45 employee annually an amount, to be established in the sole
46 discretion of the employer, which shall not exceed 50% of the
47 amount saved by the employer because of the employee's waiver of
48 coverage, and, for a waiver filed on or after the effective date of

1 P.L. , c. (pending before the Legislature as this bill), which shall
2 not exceed 25%, or \$5,000, whichever is less, of the amount saved
3 by the employer because of the employee's waiver of coverage. An
4 employee who waives coverage shall be permitted to immediately
5 resume coverage if the employee ceases to be eligible for other
6 health care coverage for any reason, including, but not limited to,
7 the retirement or death of the spouse or divorce. An employee who
8 resumes coverage shall repay, on a pro rata basis, any amount
9 received from the employer which represents an advance payment
10 for a period of time during which coverage is resumed. An
11 employee who wishes to resume coverage shall notify the employer
12 in writing and file a declaration with the division, in such form as
13 the director of the division shall prescribe, that the waiver is
14 revoked. The decision of an employer to allow its employees to
15 waive coverage and the amount of consideration to be paid therefor
16 shall not be subject to the collective bargaining process.

17 (cf: P.L.2008, c.89, s.2)

18

19 12. Section 7 of P.L.1961, c.49 (C.52:14-17.31) is amended to
20 read as follows:

21 7. The coverage provided solely for employees shall, subject to
22 the provisions below, automatically become effective for all eligible
23 employees from the first day on or after the effective date of the
24 program on which they satisfy the definition of "employee"
25 contained in this act. The commission shall establish the rules and
26 regulations governing the enrollment and effective dates of
27 coverage of dependents of employees it deems necessary or
28 desirable. The rules and regulations shall not defer coverage with
29 respect to any qualified dependent an employee has on the date the
30 employee's employer becomes a participating employer, provided
31 the employee was, immediately prior to the date, insured with
32 respect to the dependent under a group insurance plan of the
33 employer which was in effect immediately prior to the date. Under
34 the rules and regulations established by the commission, each
35 employee shall be given the opportunity to enroll for coverage for
36 dependents as of the earliest date the employee becomes eligible for
37 enrollment. With respect to the traditional plan, an employee may
38 elect to enroll dependents for both basic coverage and major
39 medical expense coverage but may not enroll for either coverage
40 alone.

41 In the event that the group health plan which covered an
42 employee or dependents immediately prior to the date the
43 employee's employer becomes a participating employer provides,
44 after termination of coverage thereunder, any continuation of
45 benefits, or would so provide in the absence of coverage pursuant to
46 this act, no coverage shall be afforded pursuant to this act for any
47 such expenses (i) which are covered, or which would be covered in
48 the absence of coverage pursuant to this act, in whole or in part, by

1 the prior insurance plan or (ii) which may be used in satisfaction of
2 any deductible requirement under the prior insurance plan to
3 establish entitlement to the continuation of benefits.

4 Each employee shall furnish the Division of Pensions and
5 Benefits, in the prescribed form, the information necessary on
6 account of the employee's own coverage and necessary to enroll
7 dependents. Any employee not desiring coverage at the time the
8 employee first becomes eligible, shall give the division written
9 notice of that fact in the form prescribed by the division. The
10 employee may not enroll thereafter except at the times and under
11 the conditions prescribed by the commission.

12 **【If an employee of an employer other than the State eligible for**
13 **coverage has a spouse who is also an employee of an employer**
14 **other than the State eligible for coverage, the spouse may elect**
15 **single coverage as an employee and to enroll as a dependent, in**
16 **which event no coverage shall be provided for such spouse as an**
17 **employee while covered as a dependent. The employee of an**
18 **employer other than the State, who has enrolled such spouse, and**
19 **who is required to pay the full cost of dependent coverage, may**
20 **receive a refund from the State Division of Pensions and Benefits**
21 **equivalent in amount to the employer's cost for an employee's**
22 **coverage. When both husband and wife are covered as employees,**
23 **only one may enroll for their children as dependents.**

24 A similar refund shall be authorized pursuant to such rules and
25 regulations as the commission deems necessary or desirable in the
26 case of an employee of an employer other than the State who is
27 paying the full cost of dependent coverage for a spouse who is an
28 employee of the State and eligible for coverage.

29 If a husband and wife are both eligible for coverage under the
30 program as employees:

31 a. each may elect coverage for himself or herself as an
32 employee and for their qualified dependents, including the spouse,
33 in any plan offered other than a health maintenance organization,
34 but only one may elect coverage for himself or herself and for their
35 qualified dependents, including the spouse, in a participating health
36 maintenance organization; and

37 b. each may elect single coverage in any participating health
38 maintenance organization, provided that he or she is not covered
39 under the participating health maintenance organization as a
40 dependent of his or her spouse.】

41 Any person employed as a substitute teacher by a school district
42 and who provides evidence of coverage under another health
43 benefits program may waive coverage for the current school year on
44 or after the date on which the person becomes an employee eligible
45 for coverage.

46 Multiple coverage in the program as an employee, dependent, or
47 retiree shall be prohibited and the prohibition shall be implemented
48 in accordance with the rules and regulations promulgated by the

1 commission. The provisions of this paragraph shall be applicable to
2 the State Health Benefits Program and to the School Employees'
3 Health Benefits Program to the extent not inconsistent with
4 provisions of sections 31 through 41 of P.L.2007, c.103 (C.52:14-
5 17.46.1 et seq.).

6 (cf: P.L.2007, c.103, s.25)

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8 13. This act shall take effect on the 60th day following
9 enactment.

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STATEMENT

13

Sections 1 through 6:

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These sections implement Recommendations 22 and 23 of the Joint Legislative Committee on Public Employee Benefits Reform set forth in the final report dated December 1, 2006. The committee recommended that “some level of premium sharing be established for all active employees through the collective bargaining process. The committee stated “that all public employees should be required to pay some portion of the employer-provided health care insurance.” In addition, the committee recommended that “all future retirees receiving employer-paid SHBP benefits pay some amount of health care premiums ... linked to a retiree’s ability to contribute.”

The bill requires, after its effective date and the expiration of any applicable binding collective negotiations agreement, that active employees of the State, local governments, and boards of education will contribute 1.5% of base salary toward the cost of health care coverage under the State Health Benefits Program (SHBP) and the School Employees’ Health Benefits Program (SEHBP). Employees of the State, local governments, and board of educations who become a member of a State or locally-administered retirement system on or after the bill’s effective date would be required to pay in retirement 1.5% of their pension benefit toward the cost of health care coverage under the SHBP and the SEHBP. For State and local government employees and retirees and for board of education employees, this amount will be in addition to any other amount that maybe required through the collective negotiations process for employees with a majority representative for collective negotiations and, for those without such a representative, through the application of the terms of a collective negotiations agreement upon them. The contribution required for new State employees in retirement will not be waived for a retiree who participates in the New Jersey Retirees’ Wellness Program.

1 Section 7:

2 This section implements Recommendation 24 of the Joint
3 Legislative Committee on Public Employee Benefits Reform set
4 forth in the final report dated December 1, 2006. The committee
5 recommended “the enactment of legislation that would allow local
6 public employers to negotiate collectively both premium sharing
7 arrangements, as well as offering different plan coverage within the
8 SHBP. A local employer, for example, would be permitted to
9 negotiate SHBP coverage through a health maintenance
10 organization only as opposed to the wide array of options currently
11 mandated to be available.” The goal is to “maximize savings and
12 control costs for the taxpaying public.”

13 The recommendation concerning premium sharing has already
14 been enacted into law by P.L.2007, c.62.

15 This bill provides local governments, including local boards of
16 education, with the ability to limit, through collective negotiations
17 agreements with their active employees, the choice of plans offered
18 by the SHBP or the SEHBP.

19

20 Section 8:

21 This section implements Recommendation 25 of the Joint
22 Legislative Committee on Public Employee Benefits Reform set
23 forth in the final report dated December 1, 2006. The committee
24 recommended “that legislation be enacted to ensure that basic
25 changes made in the provision of SHBP benefits to State
26 employees, such as the amount of copayments for office visits and
27 prescription drugs, be applicable at the same time to all individuals
28 covered by SHBP.” The committee believed that it was “important
29 that SHBP benefits changes negotiated by the State with its
30 employees be applicable to employees of local employers not only
31 to reduce administrative expenses for all through conformity but
32 also to extend to those local employers the same cost savings
33 enjoyed by the State.” The committee believed that it was
34 “important to ensure consistency in health benefit coverage and cost
35 for all public employees.”

36 This bill requires that changes in the provision of health care
37 benefits through the SHBP and the SEHBP that are included in
38 collective negotiations agreements between the State and its
39 employees be applied to local government employees including
40 school employees at the same time and in the same manner as to
41 State employees.

42

43 Section 9 and 10:

44 These sections implement Recommendation 26 of the Joint
45 Legislative Committee on Public Employee Benefits Reform set
46 forth in the final report dated December 1, 2006. The committee
47 recommended the “enactment of legislation to clarify that only full-
48 time employees are eligible for SHBP coverage by defining a full-

1 time employee as an employee who works 35 or more hours each
2 week. This proposal should apply only to new employees enrolling
3 in SHBP after the enactment of legislation.” The committee stated
4 that it “believes that significant savings to local public employers
5 and their taxpayers are possible by bringing them into conformity
6 with State practice and ensuring that only genuinely full-time
7 employees and their dependents are eligible for the desirable and
8 costly benefits of SHBP coverage.”

9 This bill provides that, after the bill’s effective date, enrollment
10 in the State Health Benefits Program (SHBP) will be limited to a
11 person who (1) is a full-time appointive or elective officer of the
12 State or local government whose hours of work are fixed at 35 or
13 more per week, a full-time employee of the State, or a full-time
14 employee of an employer other than the State whose hours of work
15 are fixed by the governing body at not less than 25 per week, or (2)
16 an appointive or elective officer, an employee of the State, or an
17 employee of an employer other than the State who has or is eligible
18 for health benefits coverage in SHBP on that effective date and
19 continuously thereafter. The bill similarly limits enrollment in the
20 School Employees’ Health Benefits Program (SEHBP) to persons
21 employed full-time whose hours of work are fixed by the governing
22 body at not less than 25 per week.

23

24 Section 11:

25 This section implements Recommendation 27 of the Joint
26 Legislative Committee on Public Employee Benefits Reform set
27 forth in the final report dated December 1, 2006. The committee
28 recommended “the enactment of legislation to permit waiver
29 incentives for all local public employers.” The committee
30 recommended “that the maximum amount of the waiver be 25% of
31 the amount saved by the employer through the employee’s waiver
32 of coverage but only for employees who waive after the enactment
33 of the legislation.” The purpose is to give “employers another tool
34 to use in their efforts to control the costs of providing health
35 benefits, to save taxpayer dollars, and offer property tax relief.”

36 This recommendation was partly implemented by the enactment
37 of P.L.2007, c.92 and P.L.2008, c.89. This bill implements the
38 recommendation that the incentive be set at 25% of the amount
39 saved by the employer and goes further to cap the amount at \$5,000.
40 This will apply to waivers filed after the bill’s effective date.

41

42 Section 12:

43 This section implements Recommendation 29 of the Joint
44 Legislative Committee on Public Employee Benefits Reform set
45 forth in the final report dated December 1, 2006. The committee
46 recommended the “enactment of legislation to ensure that no SHBP
47 duplicate coverage is available to an enrolled individual as an active
48 employee, retiree or dependent.” In addition, the committee

1 recommended “that applicable regulations prohibiting multiple
2 coverage within SHBP be codified into law to abolish any current
3 inequities and unnecessary utilization or duplication of services and
4 benefits, and thereby to achieve savings for public employers and
5 the taxpayers.”

6 This bill prohibits multiple coverage in the SHBP and the
7 SEHBP in accordance with the rules and regulations promulgated
8 by the State Health Benefits Commission and the School
9 Employees’ Health Benefits Commission.

SENATE STATE GOVERNMENT, WAGERING, TOURISM &
HISTORIC PRESERVATION COMMITTEE

STATEMENT TO

SENATE, No. 3

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 18, 2010

The Senate State Government, Wagering, Tourism & Historic Preservation Committee reports favorably and with committee amendments Senate Bill No. 3.

This bill makes various changes to the State Health Benefits Program (SHBP) and the School Employees' Health Benefits Program (SEHBP) concerning eligibility, cost sharing, choice of a plan, the application of benefit changes, the waiver of coverage and multiple coverage under such plans. The bill also requires contributions toward the cost of health care benefits coverage by public employees and certain retirees.

Sections 1 through 6:

These sections require, after the bill's effective date and the expiration of any applicable binding collective negotiations agreement, that active employees of the State, local governments, and boards of education will contribute 1.5 percent of base salary toward the cost of health care coverage under the SHBP and the SEHBP. Employees of the State, local governments, and board of educations who become a member of a State or locally-administered retirement system on or after the bill's effective date would be required to pay in retirement 1.5 percent of their pension benefit toward the cost of health care coverage under the SHBP and the SEHBP. For State and local government employees and retirees and for board of education employees, this amount will be in addition to any other amount that maybe required through the collective negotiations process for employees with a majority representative for collective negotiations and, for those without such a representative, through the application of the terms of a collective negotiations agreement upon them. The contribution required for new State employees in retirement will not be waived for a retiree who participates in the New Jersey Retirees' Wellness Program.

Section 7:

This section provides local governments, including local boards of education, with the ability to limit, through collective negotiations

agreements with their active employees, the choice of plans offered by the SHBP or the SEHBP.

Section 8:

This section requires that changes in the provision of health care benefits through the SHBP and the SEHBP that are included in collective negotiations agreements between the State and its employees be applied to local government employees including school employees at the same time and in the same manner as to State employees.

Section 9 and 10:

These sections provide that, after the bill's effective date, enrollment in the SHBP will be limited to a person who: 1) is a full-time appointive or elective officer of the State or local government whose hours of work are fixed at 35 or more per week, a full-time employee of the State, or a full-time employee of an employer other than the State whose hours of work are fixed by the governing body at not less than 25 per week; or 2) an appointive or elective officer, an employee of the State, or an employee of an employer other than the State who has or is eligible for health benefits coverage in SHBP on that effective date and continuously thereafter. The bill similarly limits enrollment in the SEHBP to persons employed full-time whose hours of work are fixed by the governing body at not less than 25 per week.

Section 11:

This section incorporates a recommendation of the Joint Legislative Committee on Public Employee Benefits Reform that was partly implemented by the enactment of P.L.2007, c.92 and P.L.2008, c.89. This bill implements the recommendation that the waiver incentive be set at 25% of the amount saved by the employer and goes further to cap the amount at \$5,000. This will apply to waivers filed after the bill's effective date.

Section 12:

This section prohibits multiple coverage in the SHBP and the SEHBP in accordance with the rules and regulations promulgated by the State Health Benefits Commission and the School Employees' Health Benefits Commission.

Sections 13 to 18:

These sections makes changes that would affect those public employees who do not receive health care benefits coverage by the SHBP or the SEHBP. Specifically, the bill requires employees of a local board of education, a county, a municipality, and a county college to pay 1.5 percent of their base salary for the health care benefits coverage provided by their employers, notwithstanding any other amount that may be required additionally by contract with such

employers. The bill also requires a local employee who becomes a member of a State or locally administered retirement system on or after the bill's effective date to pay in retirement 1.5 percent of their monthly allowance, including cost of living adjustments, for health care benefits coverage. The bill, as amended, changes the health care benefits waiver amount for employees of a county, municipality or county college from 50% to 25%, or \$5,000, whichever is less, of the amount saved by the employer because of the employee's waiver of such coverage.

COMMITTEE AMENDMENTS

The committee amended the bill to: 1) require employees of a local board of education, a county, a municipality, and a county college to pay 1.5 percent of their base salary for the health care benefits coverage provided by their employers, notwithstanding any other amount that may be required additionally by contract with such employers; 2) require a local employee who becomes a member of a State or locally administered retirement system on or after the bill's effective date to pay in retirement 1.5 percent of their monthly allowance, including cost of living adjustments, for health care benefits coverage; and 3) changes the health care benefits waiver amount for employees of a county, municipality or county college from 50% to 25%, or \$5,000, whichever is less, of the amount saved by the employer because of the employee's waiver of such coverage. These changes would affect those public employees who do not receive health care benefits coverage by the SHBP or the SEHBP.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 3

STATE OF NEW JERSEY

DATED: MARCH 18, 2010

The Assembly Appropriations Committee reports favorably Senate Bill No. S3 (1R).

The bill makes various changes to the State Health Benefits Program (SHBP) and the School Employees' Health Benefits Program (SEHBP) concerning eligibility, cost sharing, choice of a plan, the application of benefit changes, the waiver of coverage and multiple coverage under such plans.

Specifically, the bill provides that:

1) after the bill's effective date and the expiration of any applicable binding collective negotiations agreement, active employees of the State, local governments, and boards of education will contribute 1.5 percent of base salary toward the cost of health care coverage under the SHBP and the SEHBP. Employees of the State, local governments, and board of educations who become members of a State or locally-administered retirement system on or after the bill's effective date would be required to pay in retirement 1.5 percent of their pension benefit toward the cost of health care coverage under the SHBP and the SEHBP. For State and local government employees and retirees and for board of education employees, this amount will be in addition to any other amount that maybe required through the collective negotiations process for employees with a majority representative for collective negotiations and, for those without such a representative, through the application of the terms of a collective negotiations agreement upon them. The contribution required for new State employees in retirement will not be waived for a retiree who participates in the New Jersey Retirees' Wellness Program.

2) local governments, including local boards of education, will be able to limit, through collective negotiations agreements with their active employees, the choice of plans offered by the SHBP or the SEHBP.

3) changes in the provision of health care benefits through the SHBP and the SEHBP that are included in collective negotiations agreements between the State and its employees will be applied to local government employees including school employees at the same time and in the same manner as to State employees.

4) after the bill's effective date, enrollment in the SHBP will be limited to a person who: 1) is a full-time appointive or elective officer of the State or local government whose hours of work are fixed at 35 or more per week, a full-time employee of the State, or a full-time employee of an employer other than the State whose hours of work are fixed by the governing body at not less than 25 per week; or 2) an appointive or elective officer, an employee of the State, or an employee of an employer other than the State who has or is eligible for health benefits coverage in SHBP on that effective date and continuously thereafter. The bill similarly limits enrollment in the SEHBP to persons employed full-time whose hours of work are fixed by the governing body at not less than 25 per week.

5) the incentive that a public employer may provide to an employee who waives health care benefits coverage under any plan or program offered by the employer cannot exceed 25% of the amount saved by the employer or \$5,000, whichever is greater. The current limit is 50% of the amount saved by the employer.

6) multiple coverage in the SHBP and the SEHBP will not be permitted in accordance with the rules and regulations promulgated by the State Health Benefits Commission and the School Employees' Health Benefits Commission.

This bill is identical to Assembly Bill No. 2460, as also reported by the committee.

FISCAL IMPACT:

The Division of Pensions and Benefits in the Department of the Treasury estimates that the provision of the bill requiring active employees of local government entities and boards of education to contribute 1.5 percent of compensation for health care benefits could result in savings to those entities and boards of \$314 million in State Fiscal Year 2011, \$324 million in Fiscal Year 2012, and \$333 million in Fiscal Year 2013. This estimate assumes a July 1, 2010 effective date for the bill and that compensation for public employees will increase 3 percent annually. State employees currently contribute 1.5 percent of pay, which for FY 2010 equals approximately \$81.3 million. No additional estimates concerning the other provisions of the bill have been provided by the division.

The OLS notes that these savings will begin to be realized upon the expiration of collective negotiations agreements, and the local government entities participating in the SHBP and the SEHBP may realize additional savings through the implementation of the various other provisions of the bill. However, the OLS cannot estimate those savings because information and data is not available. The savings to be realized by any one local government entity or board of education will depend on the particular circumstances of that entity or board.

The OLS notes that the State may realize some additional savings from the provision of the bill concerning the definition in SHBP of full

time as 35 or more hours of work per week for appointed or elected officials, and the provision concerning waivers of health care benefits coverage.

With regard to the contribution in retirement required of future employees of the State, local government entities, and boards of education, a fiscal impact cannot be determined because the impact will occur many years after the bill's effective date.

FISCAL NOTE
 [First Reprint]
SENATE, No. 3
STATE OF NEW JERSEY
214th LEGISLATURE

DATED: MARCH 1, 2010

SUMMARY

- Synopsis:** Makes various changes to SHBP and SEHBP concerning eligibility, cost sharing, plan choice, benefit change application, coverage waiver, multiple coverage; requires contributions toward health care benefits by public employees and certain retirees.
- Type of Impact:** Expenditure Decrease: State General Fund; Local Government Funds; Boards of Education Funds.
- Agencies Affected:** Department of the Treasury; Local Government Entities; Boards of Education.

Executive Estimate

Fiscal Impact	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
State Savings	Indeterminate – See comments below		
Local Savings*	\$314,227,724	\$323,546,404	\$333,252,798

* From contribution for health care benefits by active employees.

- The Office of Legislative Services (OLS) **concurs** with the Executive estimate.
- This bill makes various changes concerning eligibility, cost sharing, plan choice, benefit change application, coverage waiver and multiple coverage with regard to the State Health Benefits Program (SHBP) and School Employees' Health Benefits Program (SEHBP).
- The bill requires that, after the bill's effective date and the expiration of any applicable binding collective negotiations agreement, active employees of the State, local governments, and boards of education will contribute a minimum of 1.5 percent of base salary toward the cost of health care coverage provided under the SHBP, the SEHBP, or under any other health care plan or program. Employees of the State, local governments, and boards of education who become members of a State or locally-administered retirement system on or after the bill's effective date would be required to pay in retirement a minimum of 1.5 percent of their

pension benefit toward the cost of health care coverage provided under the SHBP, the SEHBP, or under any other health care plan or program.

- The Division of Pensions and Benefits in the Department of the Treasury estimates that the provision of the bill requiring active employees of local government entities and boards of education to contribute 1.5 percent of compensation for health care benefits could result in a savings to those entities and boards of \$314 million in State Fiscal Year 2011, \$324 million in Fiscal Year 2012, and \$333 million in Fiscal Year 2013. Information on how many employees of local government entities and boards of education are already contributing the same or a greater amount for health care benefits is not known.
- The OLS notes that the local government entities and boards of education participating in the SHBP and the SEHBP may realize additional savings through the implementation of the various other provisions of the bill. However, the OLS cannot estimate those savings because information and data is not available. The savings to be realized by any one local government entity or board of education will depend on the particular circumstances of that entity or board.
- The OLS notes that active employees of the State and its various boards, commission, or authorities are currently contributing 1.5 percent of compensation for health care benefits; to the extent that some active employees are not yet contributing due to provisions of collective negotiations agreements, the State may realize additional savings when those agreements expire. In addition, the State may realize some additional savings from the provision of the bill concerning the definition in SHBP of full time as 35 or more hours of work per week for appointed and elected officials, and the provision concerning waivers of health care benefits coverage.

BILL DESCRIPTION

Senate Bill No. 3 (1R) of 2010 implements various recommendations of the Joint Legislative Committee on Public Employee Benefits Reform set forth in its final report dated December 1, 2006. The bill requires that after the bill's effective date and the expiration of any applicable binding collective negotiations agreement, active employees of the State, local governments, and boards of education will contribute 1.5 percent of base salary toward the cost of health care coverage provided under the SHBP, the SEHBP, or under any other health care plan or program. Employees of the State, local governments, and boards of education who become a member of a State or locally-administered retirement system on or after the bill's effective date would be required to pay in retirement 1.5 percent of their pension benefit toward the cost of health care coverage provided under the SHBP, the SEHBP, or under any other health care plan or program. For State and local government employees and retirees and for board of education employees, this amount will be in addition to any other amount that maybe required through the collective negotiations process for employees with a majority representative for collective negotiations and, for those without such a representative, through the application of the terms of a collective negotiations agreement upon them. The contribution required for new State employees in retirement will not be waived for a retiree who participates in the New Jersey Retirees' Wellness Program.

Second, the bill provides local governments, including local boards of education, with the ability to limit, through collective negotiations agreements with their active employees, the choice of plans offered by the SHBP or the SEHBP.

Third, the bill requires that changes in the provision of health care benefits through the SHBP and the SEHBP that are included in collective negotiations agreements between the State and its employees be applied to local government employees including school employees at the same time and in the same manner as applied to State employees.

Fourth, the bill provides that, after the bill's effective date, enrollment in the SHBP will be limited to a person who is a full-time appointive or elective officer of the State or local government whose hours of work are fixed at 35 or more per week, a full-time employee of the State, or a full-time employee of an employer other than the State whose hours of work are fixed by the governing body at not less than 25 per week. The bill similarly limits enrollment in the SEHBP to persons employed full-time whose hours of work are fixed by the governing body at not less than 25 per week.

Fifth, this bill reduces the incentive amount that may be paid by a public employer to an employee who waives health care benefits coverage from not more than 50 percent to not more than 25 percent of the amount saved by the employer, or \$5,000, whichever is less. Finally, this bill prohibits multiple coverage in the SHBP and the SEHBP in accordance with the rules and regulations promulgated by the State Health Benefits Commission and the School Employees' Health Benefits Commission.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Division of Pensions and Benefits in the Department of the Treasury estimates that the provision of the bill requiring active employees of local government entities and boards of education to contribute 1.5 percent of compensation for health care benefits could result in a savings to those entities and boards of \$314 million in State Fiscal Year 2011, \$324 million in Fiscal Year 2012, and \$333 million in Fiscal Year 2013. This estimate assumes a July 1, 2010 effective date for the bill and that compensation for public employees will increase 3 percent annually. State employees currently contribute 1.5 percent of pay which for FY 2010 equals approximately \$81.3 million. No additional estimates concerning the other provisions of the bill have been provided by the division.

OFFICE OF LEGISLATIVE SERVICES

The OLS concurs with the Executive Branch estimate with regard to the 1.5 percent contribution by active employees toward health care benefits coverage, although OLS notes that these savings will begin to be realized upon the expiration of collective negotiations agreements. The OLS notes that the local government entities participating in the SHBP and the SEHBP may realize additional savings through the implementation of the various other provisions of the bill. However, the OLS cannot estimate those savings because information and data is not available. The savings to be realized by any one local government entity or board of education will depend on the particular circumstances of that entity or board.

The OLS notes that active employees of the State and its various boards, commission, or authorities are contributing 1.5 percent for health care benefits; to the extent that some active employees are not yet contributing due to provisions of collective negotiations agreements, the

State may realize additional savings when those agreements expire. In addition, the State may realize some additional savings from the provision of the bill concerning the definition in SHBP of full time as 35 or more hours of work per week for appointed or elected officials, and the provision concerning waivers of health care benefits coverage.

With regard to the contribution in retirement required of future employees of the State, local government entities, and boards of education, a fiscal impact cannot be determined because the impact will occur many year after the bill's effective date.

Section: State Government

*Analyst: Kim Clemmensen
Senior Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

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

ASSEMBLY, No. 2460

STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED MARCH 4, 2010

Sponsored by:

Assemblywoman SHEILA Y. OLIVER

District 34 (Essex and Passaic)

Assemblyman ALEX DECROCE

District 26 (Morris and Passaic)

SYNOPSIS

Makes various changes to SHBP and SEHBP concerning eligibility, cost sharing, plan choice, benefit change application, coverage waiver, multiple coverage; requires contributions toward health care benefits by public employees and certain retirees.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning the eligibility for and the benefits provided
2 through the State Health Benefits Program and the School
3 Employees' Health Benefits Program, and concerning
4 contributions and waivers by active and certain retired public
5 employees for health care benefits provided by an employer, and
6 amending various parts of the statutory law and supplementing
7 chapter 64A of Title 18A of the New Jersey Statutes.

8
9 **BE IT ENACTED** *by the Senate and General Assembly of the State*
10 *of New Jersey:*

11
12 1. Section 6 of P.L.1996, c.8 (C.52:14-17.28b) is amended to
13 read as follows:

14 6. a. Notwithstanding the provisions of any other law to the
15 contrary, the obligations of the State or an independent State
16 authority, board, commission, corporation, agency, or organization
17 to pay the premium or periodic charges for health benefits coverage
18 provided under P.L.1961, c.49 (C.52:14-17.25 et seq.) may be
19 determined by means of a binding collective negotiations
20 agreement, including any agreements in force at the time of the
21 adoption of P.L.1996, c.8. With respect to State employees for
22 whom there is no majority representative for collective negotiations
23 purposes, the commission may, in its sole discretion, modify the
24 respective payment obligations set forth in P.L.1961, c.49 for the
25 State and such employees in a manner consistent with the terms of
26 any collective negotiations agreement binding on the State. With
27 respect to employees of an independent State authority, board,
28 commission, corporation, agency, or organization for whom there is
29 no majority representative for collective negotiations purposes, the
30 employer may, in its sole discretion, modify the respective payment
31 obligations set forth in P.L.1961, c.49 for such employer and such
32 employees in a manner consistent with the terms of any collective
33 negotiations agreement binding on such employer. The provisions
34 of this subsection shall also apply to employees deemed or
35 considered to be employees of the State pursuant to subsection (c)
36 of section 2 of P.L.1961, c.49 (C.52:14-17.26).

37 b. (1) Notwithstanding the provisions of any other law to the
38 contrary, for each State employee who accrues 25 years of
39 nonconcurrent service credit in one or more State or locally-
40 administered retirement systems before July 1, 1997, excepting the
41 employee who elects deferred retirement, the State, upon the
42 employee's retirement, shall pay the full cost of the premium or
43 periodic charges for the health benefits provided to a retired State
44 employee and dependents covered under the State Health Benefits
45 Program, but not including survivors, and shall also reimburse the

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 retired employee for premium charges under Part B of Medicare
2 covering the retired employee and the employee's spouse.

3 (2) Notwithstanding the provisions of any other law to the
4 contrary, and except as otherwise provided by section 8 of
5 P.L.1961, c.49 (C.52:14-17.32) as amended by P.L.2005, c.341, and
6 by subsection c. of this section, for each State employee who
7 accrues 25 years of nonconcurrent service credit in one or more
8 State or locally-administered retirement systems on or after July 1,
9 1997, excepting the employee who elects deferred retirement, the
10 State, upon the employee's retirement, shall pay the premium or
11 periodic charges for the health benefits provided to a retired State
12 employee and dependents covered under the State Health Benefits
13 Program, but not including survivors, and shall reimburse the
14 retired employee for premium charges under Part B of Medicare
15 covering the retired employee and the employee's spouse: (a) in
16 accordance with the provisions, if any, concerning health benefits
17 coverage in retirement which are in the collective negotiations
18 agreement applicable to the employee at the time of the employee's
19 accrual of 25 years of nonconcurrent service credit in one or more
20 State or locally-administered retirement systems, or (b) if the
21 employee has no majority representative for collective negotiations
22 purposes, in a manner consistent with the terms, if any, concerning
23 health benefits coverage in retirement which are in any collective
24 negotiations agreement deemed applicable by the State Health
25 Benefits Commission to that employee at the time of the employee's
26 accrual of 25 years of nonconcurrent service credit in one or more
27 State or locally-administered retirement systems. The terms for the
28 payment of premiums or periodic charges established pursuant to
29 this paragraph for the traditional plan shall apply to the successor
30 plan, and the terms for the payment of premiums or periodic
31 charges established pursuant to this paragraph for the NJ PLUS plan
32 shall apply to the State managed care plan required to be included
33 in a contract entered into pursuant to subsection c. of section 4 of
34 P.L.1961, c.49 (C.52:14-17.28).

35 c. (1) Effective July 1, 2007, but, with respect to employees to
36 whom this subsection applies who are paid through the State
37 centralized payroll, effective with the first pay period beginning
38 after July 1, 2007, the cost of benefits provided pursuant to
39 P.L.1961, c.49 (C.52:14-17.25 et seq.) shall be shared by employees
40 through the withholding of a contribution in an amount as
41 determined in accordance with paragraph (2) of this subsection.

42 (2) The amount of the contribution required pursuant to
43 paragraph (1) of this subsection as to State employees and
44 employees of an independent State authority, board, commission,
45 corporation, agency, or organization for whom there is a majority
46 representative for collective negotiations purposes shall be
47 determined by means of a binding collective negotiations
48 agreement. Commencing on the effective date of P.L.

1 c. (pending before the Legislature as this bill) and upon the
2 expiration of any applicable binding collective negotiations
3 agreement in force on that effective date, the amount of the
4 contribution required pursuant to paragraph (1) of this subsection
5 by State employees and employees of an independent State
6 authority, board, commission, corporation, agency, or organization
7 for whom there is a majority representative for collective
8 negotiations purposes shall be 1.5% of base salary, notwithstanding
9 any other amount that may be required additionally pursuant to this
10 paragraph by means of a binding collective negotiations agreement.

11 The amount of the contribution required pursuant to paragraph
12 (1) of this subsection as to State employees for whom there is no
13 majority representative for collective negotiations purposes shall be
14 determined in a manner consistent with the terms, if any,
15 concerning health benefits coverage which are in a collective
16 negotiations agreement deemed applicable by the commission to the
17 employee. The amount of the contribution required pursuant to
18 paragraph (1) of this subsection as to employees of an independent
19 State authority, board, commission, corporation, agency, or
20 organization for whom there is no majority representative for
21 collective negotiations purposes shall be determined in a manner
22 consistent with the terms, if any, concerning health benefits
23 coverage which are in a collective negotiations agreement deemed
24 applicable by the employer to the employee. The amount of the
25 contribution required pursuant to paragraph (1) of this subsection as
26 to State employees or employees of an independent State authority,
27 board, commission, corporation, agency, or organization for whom
28 there is no majority representative for collective negotiations
29 purposes shall be 1.5 percent of base salary, notwithstanding any
30 other amount that may be required additionally pursuant to this
31 paragraph by means of the application of the terms of a binding
32 collective negotiations agreement.

33 (3) Except as provided in paragraph (5) of this subsection, the
34 cost of benefits provided pursuant to P.L.1961, c.49 (C.52:14-17.25
35 et seq.) shall be shared by retirees to whom this subsection applies
36 through the withholding of a contribution in an amount as
37 determined in accordance with paragraph (4) of this subsection.

38 (4) The amount of the contribution required pursuant to
39 paragraph (3) of this subsection as to State employees and
40 employees of an independent State authority, board, commission,
41 corporation, agency, or organization for whom there is a majority
42 representative for collective negotiations purposes who accrue 25
43 years of nonconcurrent service credit in one or more State or
44 locally-administered retirement systems on or after July 1, 2007,
45 and who retire on or after July 1, 2007, excepting employees who
46 elect deferred retirement, but including those who retire on a
47 disability pension after July 1, 2007, shall be determined by means
48 of a binding collective negotiations agreement applicable at the

1 time of the employee's accrual of 25 years of nonconcurrent service
2 credit in one or more State or locally-administered retirement
3 systems. The amount of the contribution required pursuant to
4 paragraph (3) of this subsection as to State employees or employees
5 of an independent State authority, board, commission, corporation,
6 agency, or organization for whom there is no majority
7 representative for collective negotiations purposes who accrue 25
8 years of nonconcurrent service credit in one or more State or
9 locally-administered retirement systems on or after July 1, 2007,
10 and who retire on or after July 1, 2007, excepting employees who
11 elect deferred retirement, but including those who retire on a
12 disability pension after July 1, 2007, shall be determined in a
13 manner consistent with the terms, if any, concerning health benefits
14 coverage in retirement which are in any collective negotiations
15 agreement deemed applicable by the commission to that employee
16 at the time of the employee's accrual of 25 years of nonconcurrent
17 service credit in one or more State or locally-administered
18 retirement systems, except that for employees who accrue 25 years
19 of nonconcurrent service credit in one or more State or locally-
20 administered retirement systems in the period beginning July 1,
21 2007, and ending June 30, 2011, the contribution shall be 1.5
22 percent of the monthly retirement allowance, including any future
23 cost-of-living adjustments, or, with respect to retirees for whom
24 there is no majority representative and who are members of the
25 alternate benefit program, an amount determined pursuant to a
26 formula developed by the commission that shall be designed to
27 result in a contribution that is comparable to the contribution that
28 applies to retirees who are not members of the alternate benefit
29 program.

30 (5) The contribution required pursuant to paragraph (3) of this
31 subsection shall not take effect until the New Jersey Retirees'
32 Wellness Program is open for enrollment and thereafter the
33 contribution shall be waived for a retiree who participates in the
34 New Jersey Retirees' Wellness Program. The Division of Pensions
35 and Benefits shall issue a report on the New Jersey Retirees'
36 Wellness Program. The report shall include, but need not be limited
37 to, the claims experience with regard to retirees in the program, and
38 the costs and savings realized. The report shall be issued at the end
39 of the third year after the program's implementation or by
40 December 30, 2010, whichever is earlier. The report shall be
41 submitted to the Governor, the Legislature, and the State Treasurer.

42 (6) Any employee or retiree from whom withholding of a
43 contribution is required pursuant to this subsection shall not be
44 required to pay any percentage of the premiums or periodic charges
45 for health care benefits provided under P.L.1961, c.49 (C.52:14-
46 17.25 et seq.), other than dental benefits.

47 (7) The contribution required pursuant to this subsection may be
48 terminated only upon withdrawal from all health care benefits

1 coverage as an employee or retiree, other than coverage for dental
2 benefits, and the submission to the commission of written
3 certification by the employee that the employee is covered by other
4 health care benefits and that those benefits are in force. The
5 commission shall not apply the written certification requirement to
6 retirees or to employees to whom Article VI, Section VI, paragraph
7 6 of the New Jersey Constitution applies.

8 d. The amount of contribution required pursuant to paragraph
9 (3) of subsection c. of this section in retirement as to a State
10 employee and employee of an independent State authority, board,
11 commission, corporation, agency, or organization who becomes a
12 member of a State or locally-administered retirement system on or
13 after the effective date of P.L. , c. (pending before the
14 Legislature as this bill), for whom there is a majority representative
15 for collective negotiations purposes and for whom there is no such
16 representative, shall be 1.5 percent of the retiree's monthly
17 retirement allowance, including any future cost-of-living
18 adjustments, or with respect to members of the alternate benefit
19 program, an amount determined pursuant to the formula specified in
20 paragraph (4) of subsection c. of this section, notwithstanding any
21 other amount that may be required additionally pursuant to
22 paragraph (4) of subsection c. of this section by means of a binding
23 collective negotiations agreement or by means of the application of
24 the terms of such an agreement. The contribution required by this
25 subsection or pursuant to paragraph (4) of subsection c. of this
26 section for officers or employees specified in this subsection shall
27 not be waived for a retiree who participates in the New Jersey
28 Retirees' Wellness Program.

29 (cf: P.L.2007, c.103, s.22)

30

31 2. Section 3 of P.L.1987, c.384 (C.52:14-17.32f) is amended to
32 read as follows:

33 3. A qualified retiree from the Teachers' Pension and Annuity
34 Fund (N.J.S.18A:66-1 et seq.) and dependents of a qualified retiree,
35 but not including survivors, are eligible to participate in the State
36 Health Benefits Program until June 30, 2008, and beginning July 1,
37 2008, in the School Employees' Health Benefits Program, regardless
38 of whether the retiree's employer participated in the program.

39 A qualified retiree is a retiree who:

40 a. Retired on a benefit based on 25 or more years of service
41 credit;

42 b. Retired on a disability pension based on fewer years of
43 service credit; or

44 c. Elected deferred retirement based on 25 or more years of
45 service credit and who receives a retirement allowance.

46 The program shall reimburse a qualified retiree who participates
47 in the program for the premium charges under Part B of the federal
48 Medicare program for the retiree and the retiree's spouse. A

1 qualified retiree who retired under subsections a. and b. of this
2 section prior to the effective date of this 1987 amendatory and
3 supplementary act is eligible for the coverage if the retiree applies
4 to the program for it within one year after the effective date, and a
5 qualified retiree as defined under subsection c. of this section whose
6 retirement allowance commenced prior to the effective date of this
7 1992 amendatory act is eligible for the coverage if the retiree
8 applies to the program for it within one year after the effective date.

9 The premium or periodic charges for benefits provided to a
10 qualified retiree and the dependents of the retiree, and the cost for
11 reimbursement of Medicare premiums shall be paid by the State.
12 An employee who becomes a member of the Teachers' Pension and
13 Annuity Fund on or after the effective date of P.L. , c. (pending
14 before the Legislature as this bill) shall pay as a qualified retiree 1.5
15 percent of the retiree's monthly retirement allowance, including any
16 future cost-of-living adjustments, through the withholding of the
17 contribution, for health benefits coverage provided under P.L.2007,
18 c.103 (C.52:14-17.46.1 et seq.) and the State shall pay the
19 remainder of the premium or periodic charges for benefits provided
20 to a qualified retiree and the dependents of the retiree, and the cost
21 for reimbursement of Medicare premiums.

22 (cf: P.L.2007, c.103, s.42)

23

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

26 2. The provisions of section 3 of P.L.1987, c.384 (C.52:14-
27 17.32f) shall apply to:

28 a. any employee of a board of education who retires on a
29 benefit or benefits based in the aggregate upon 25 or more years of
30 nonconcurrent service credit in one or more State or locally-
31 administered retirement systems, or retires on a disability pension
32 based upon fewer years of service credit in that system or systems,
33 or elected deferred retirement based in the aggregate upon 25 or
34 more years of nonconcurrent service credit in one or more State or
35 locally-administered retirement systems and receives a retirement
36 allowance from that system or systems;

37 b. any employee of a county college who retires on a benefit or
38 benefits based in the aggregate upon 25 or more years of
39 nonconcurrent service credit in one or more State or locally-
40 administered retirement systems, or retires on a disability pension
41 based upon fewer years of service credit in that system or systems,
42 or elected deferred retirement based in the aggregate upon 25 or
43 more years of nonconcurrent service credit in one or more State or
44 locally-administered retirement systems and receives a retirement
45 allowance from that system or systems; or who receives a disability
46 benefit pursuant to section 18 of P.L.1969, c.242 (C.18A:66-184);
47 and

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

14 The costs of the premium or periodic charges for the benefits and
15 reimbursement of medicare premiums provided to a retiree and the
16 dependents of the retiree under this section shall be paid by the
17 State. An employee who becomes a member of a State or locally-
18 administered retirement system on or after the effective date of
19 P.L. , c. (pending before the Legislature as this bill) shall pay as
20 a qualified retiree 1.5 percent of the retiree's monthly retirement
21 allowance, including any future cost-of-living adjustments, through
22 the withholding of the contribution, for health benefits coverage
23 provided under P.L.2007, c.103 (C.52:14-17.46.1 et seq.) and the
24 State shall pay the remainder of the premium or periodic charges
25 for benefits provided to a qualified retiree and the dependents of the
26 retiree, and the cost for reimbursement of Medicare premiums.

27 (cf: P.L.2001, c.209, s.3)

28

29 4. Section 1 of P.L.1995, c.357 (C.52:14-17.32f2) is amended
30 to read as follows:

31 1. The provisions of section 3 of P.L.1987, c.384 (C.52:14-
32 17.32f) shall apply to any employee of a board of education who is
33 a member of a pension fund created prior to **the effective date of**
34 **this act** January 5, 1996 under the provisions of article 2 of chapter
35 66 of Title 18A of the New Jersey Statutes (N.J.S.18A:66-94 et
36 seq.) and who retires on a benefit based upon 25 or more years of
37 service credit in the pension fund, or retires on a disability pension
38 based upon fewer years of service credit in that pension fund, or
39 elected deferred retirement based upon 25 or more years of service
40 credit and receives a retirement allowance from that pension fund,
41 except that the costs of the premium or periodic charges for the
42 benefits and reimbursement of medicare premiums provided to a
43 retiree and the dependents of the retiree under this section shall be
44 paid by the State. An employee who becomes a member of the
45 pension fund on or after the effective date of P.L. , c. (pending
46 before the Legislature as this bill) shall pay in retirement 1.5
47 percent of the retiree's monthly retirement allowance, including any
48 future cost-of-living adjustments, through the withholding of the

1 contribution, for health benefits coverage provided under P.L.2007,
2 c.103 (C.52:14-17.46.1 et seq.) and the State shall pay the
3 remainder of the premium or periodic charges for benefits provided
4 to a qualified retiree and the dependents of the retiree, and the cost
5 for reimbursement of Medicare premiums.

6 An employee who retired prior to the effective date of this act is
7 eligible for the coverage if the employee applies to the program for
8 it within one year after the effective date.

9 (cf: P.L.1995, c.357, s.1)

10
11 5. Section 7 of P.L.1964, c.125 (C.52:14-17.38) is amended to
12 read as follows:

13 7. a. The Division of Pensions and Benefits shall certify to the
14 certifying agent of each employer electing participation under the
15 program the premium rates and periodic charges applicable to the
16 coverage provided for employees and dependents. The
17 participating employer shall remit to the division all contributions
18 to premiums and periodic charges in advance of their due dates,
19 subject to the rules and regulations of the commission.

20 Notwithstanding the provisions of any other law to the contrary,
21 the obligations of a participating employer other than the State to
22 pay the premium or periodic charges for health benefits coverage
23 provided under P.L.1961, c.49 (C.52:14-17.25 et seq.) may be
24 determined by means of a binding collective negotiations
25 agreement. With respect to employees for whom there is no
26 majority representative for collective negotiations purposes, the
27 employer may, in its sole discretion, modify the respective payment
28 obligations set forth in law for the employer and such employees in
29 a manner consistent with the terms of any collective negotiations
30 agreement binding on the employer. Commencing on the effective
31 date of P.L. , c. (pending before the Legislature as this bill) and
32 upon the expiration of any applicable binding collective
33 negotiations agreement in force on that effective date, employees of
34 an employer other than the State shall pay 1.5 percent of base
35 salary, through the withholding of the contribution, for health
36 benefits coverage provided under P.L.1961, c.49 (C.52:14-17.25 et
37 seq.), notwithstanding any other amount that may be required
38 additionally pursuant to this paragraph by means of a binding
39 collective negotiations agreement or the modification of payment
40 obligations.

41 b. (1) From funds allocated therefor, the employer other than
42 the State, upon the adoption and submission to the division of an
43 appropriate resolution prescribed by the commission, may pay the
44 premium or periodic charges for the benefits provided to a retired
45 employee and the employee's dependents covered under the
46 program, if the employee retired from a State or locally-
47 administered retirement system, excepting the employee who
48 elected deferred retirement, and may also reimburse the retired

1 employee for the employee's premium charges under Part B of
2 Medicare covering the retired employee and the employee's spouse
3 if the employee:

4 (a) retired on a disability pension; or

5 (b) retired after 25 or more years of nonconcurrent service credit
6 in one or more State or locally-administered retirement systems,
7 excluding service credited under the Defined Contribution
8 Retirement Program established pursuant to P.L.2007, c.92
9 (C.43:15C-1 et al.), and a period of service of up to 25 years with
10 the employer at the time of retirement, such period of service to be
11 determined by the employer and set forth in an ordinance or
12 resolution as appropriate; or

13 (c) retired and reached the age of 65 years or older with 25
14 years or more of nonconcurrent service credit in one or more State
15 or locally-administered retirement systems, excluding service
16 credited under the Defined Contribution Retirement Program, and a
17 period of service of up to 25 years with the employer at the time of
18 retirement, such period of service to be determined by the employer
19 and set forth in an ordinance or resolution as appropriate; or

20 (d) retired and reached the age of 62 years or older with at least
21 15 years of service with the employer, excluding service credited
22 under the Defined Contribution Retirement Program.

23 "Retired employee and the employee's dependents" may, upon
24 adoption of an appropriate resolution therefor by the participating
25 employer, also include otherwise eligible employees, and their
26 dependents, who retired from one or more State or locally-
27 administered retirement systems prior to the date that the employer
28 became a participating employer in the New Jersey State Health
29 Benefits Program or who did not elect to continue coverage in the
30 program during such time after the employer became a participating
31 employer that the employer did not pay premium or periodic
32 charges for benefits to retired employees and their dependents
33 pursuant to this section. Eligibility and enrollment of such
34 employees and dependents shall be in accordance with such rules
35 and regulations as may be adopted by the State Health Benefits
36 Commission.

37 The employer other than the State may, by resolution, pay the
38 premium or periodic charges for the benefits provided to the
39 surviving spouse of a retired employee and the employee's
40 dependents covered under the program as provided in this section.

41 (2) Notwithstanding the provisions of any other law to the
42 contrary, the obligations of an employer other than the State, except
43 an independent State authority, board, commission, corporation,
44 agency, or organization deemed to be covered by section 6 of
45 P.L.1996, c.8 (C.52:14-17.28b) and except school boards whose
46 employees are covered by section 3 of P.L.1987, c.384 (C.52:14-
47 17.32f), section 2 of P.L.1992, c.126 (C.52:14-17.32f1) and section
48 1 of P.L.1995, c.357 (C.52:14-17.32f2), to pay the premium or

1 periodic charges for health benefits coverage under the provisions
2 of paragraph (1) may be determined by means of a binding
3 collective negotiations agreement, including any agreement in force
4 at the time of the adoption of this act, P.L.1999, c.48. With respect
5 to employees for whom there is no majority representative for
6 collective negotiations purposes, the employer may, in its sole
7 discretion, determine the payment obligations for the employer and
8 the employees, except that if there are collective negotiations
9 agreements binding upon the employer for employees who are
10 within the same community of interest as employees in a collective
11 negotiations unit but are excluded from participation in the unit by
12 the "New Jersey Employer-Employee Relations Act," P.L.1941,
13 c.100 (C.34:13A-1 et seq.), the payment obligations shall be
14 determined in a manner consistent with the terms of any collective
15 negotiations agreement applicable to the collective negotiations
16 unit. An employee who becomes a member of a State or locally-
17 administered retirement system on or after the effective date of
18 P.L. , c. (pending before the Legislature as this bill) shall pay in
19 retirement 1.5 percent of the retiree's monthly retirement
20 allowance, including any future cost-of-living adjustments, through
21 the withholding of the contribution, for health benefits coverage
22 provided under P.L.1961, c.49 (C.52:14-17.25 et seq.),
23 notwithstanding any other amount that may be required additionally
24 pursuant to this paragraph by means of a binding collective
25 negotiations agreement or the determination of payment obligations.

26 c. Notwithstanding the provisions of any other law to the
27 contrary, the payment obligations of an employee of an employer
28 other than the State, except an independent State authority, board,
29 commission, corporation, agency, or organization, for health
30 benefits coverage under subsection b. shall be the payment
31 obligations applicable to the employee on the date the employee
32 retires on a disability pension or the date the employee meets the
33 service credit and service requirements for the employer payment
34 for the coverage, as the case may be.

35 (cf: P.L.2007, c.92, s.30)

36

37 6. Section 39 of P.L.2007, c.103 (C.52:14-17.46.9) is amended
38 to read as follows:

39 39. a. For each active covered employee and for the eligible
40 dependents the employee may have enrolled at the employee's
41 option, from funds appropriated therefor, the employer shall pay to
42 the commission the premium or periodic charges for the benefits
43 provided under the contract in amounts equal to the premium or
44 periodic charges for the benefits provided under such a contract
45 covering the employee and the employee's enrolled dependents.

46 b. The obligations of any employer to pay the premium or
47 periodic charges for health benefits coverage provided under the
48 School Employees' Health Benefits Program Act, sections 31

1 through 41 of P.L.2007, c.103 (C.52:14-17.46.1 through C.52:14-
2 17.46.11), may be determined by means of a binding collective
3 negotiations agreement, including any agreement in force at the
4 time the employer commences participation in the School
5 Employees' Health Benefits Program. With respect to employees for
6 whom there is no majority representative for collective negotiations
7 purposes, the employer may, in its sole discretion, modify the
8 respective payment obligations set forth in law for the employer and
9 such employees in a manner consistent with the terms of any
10 collective negotiations agreement binding on the employer.

11 Commencing on the effective date of P.L. , c. (pending before
12 the Legislature as this bill) and upon the expiration of any
13 applicable binding collective negotiations agreement in force on
14 that effective date, employees shall pay 1.5 percent of base salary,
15 through the withholding of the contribution, for health benefits
16 coverage provided under P.L.2007, c.103 (C.52:14-17.46.1 et seq.),
17 notwithstanding any other amount that may be required additionally
18 pursuant to this subsection by means of a binding collective
19 negotiations agreement or the modification of payment obligations.

20 c. There is hereby established a School Employee Health
21 Benefits Program fund consisting of all contributions to premiums
22 and periodic charges remitted to the State treasury by participating
23 employers for employee coverage. All such contributions shall be
24 deposited in the fund and the fund shall be used to pay the portion
25 of the premium and periodic charges attributable to employee and
26 dependent coverage.

27 d. Notwithstanding any law to the contrary and except as
28 provided by amendment by P.L. , c. (pending before the
29 Legislature as this bill), the payment in full of premium or periodic
30 charges for eligible retirees and their dependents pursuant to section
31 3 of P.L.1987, c.384 (C.52:14-17.32f), section 2 of P.L.1992, c.126
32 (C.52:14-17.32f1), or section 1 of P.L.1995, c.357 (C.52:14-
33 17.32f2) shall be continued without alteration or interruption and
34 there shall be no premium sharing or periodic charges for school
35 employees in retirement once they have met the criteria for vesting
36 for pension benefits, which criteria for purposes of this subsection
37 only shall mean the criteria for vesting in the Teachers' Pension and
38 Annuity Fund. For purposes of this subsection, "premium sharing or
39 periodic charges" shall mean payments by eligible retirees based
40 upon a proportion of the premiums for health care benefits.
41 (cf: P.L.2007, c.103, s.39)

42

43 7. Section 6 of P.L.1964, c.125 (C.52:14-17.37) is amended to
44 read as follows:

45 6. a. Any employer eligible for participation in the program
46 may elect such participation by the adoption of a resolution by its
47 governing body, which would include the name and title of a
48 certifying agent, and a certified copy of the resolution shall be filed

1 with the commission. Any employer making such election shall
2 become a participating employer under the program, subject to and
3 in accordance with the rules and regulations of the commission
4 relating thereto.

5 b. Notwithstanding the provisions of any other law to the
6 contrary, the availability of plans within the program may be
7 limited for employees of a participating employer other than the
8 State pursuant to a binding collective negotiations agreement
9 between the employer and its employees or pursuant to the
10 application by the employer, in its sole discretion, of the terms of
11 any collective negotiations agreement binding on the employer to
12 employees for whom there is no majority representative for
13 collective negotiations purpose. The commission shall implement
14 the terms of such an agreement, and the application of such terms,
15 with regard to plan availability for employees of the employer. The
16 commission may impose such restrictions on the terms as the
17 commission may deem necessary to ensure the effective and
18 efficient operation of the program. This subsection shall apply to
19 the State Health Benefits Program and the School Employees'
20 Health Benefits Program.

21 (cf: P.L.1964, c.125, s.6)

22
23 8. Section 5 of P.L.1964, c.125 (C.52:14-17.36) is amended to
24 read as follows:

25 5. a. The commission established by section 3 of chapter 49 of
26 the laws of 1961, is hereby authorized to prescribe rules and
27 regulations satisfactory to the carrier or carriers under which
28 employers may participate in the health benefits program provided
29 by that act. All provisions of that act will, except as expressly
30 stated herein, be construed as to participating employers and to
31 their employees and to dependents of such employees the same as
32 for the State, employees of the State and dependents of such
33 employees.

34 b. All changes in the provision of health care benefits through
35 the program that are included in collective negotiations agreements
36 between the State and its employees entered into on or after the
37 effective date of P.L. , c. (pending before the Legislature as this
38 bill) shall be made applicable by the commission to participating
39 employers and their employees at the same time and in the same
40 manner as to State employees. This subsection shall be applicable
41 to the State Health Benefits Program and to the School Employees'
42 Health Benefits Program to the extent not inconsistent with the
43 provisions of sections 31 through 41 of P.L.2007, c.103 (C.52:14-
44 17.46.1 et seq.).

45 (cf: P.L.1964, c.125, s.5)

46
47 9. Section 2 of P.L.1961, c.49 (C.52:14-17.26) is amended to
48 read as follows:

1 2. As used in this act:

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

3 (b) The term "commission" means the State Health Benefits
4 Commission, created by section 3 of this act.

5 (c) (1) The term "employee" means an appointive or elective
6 officer, a full-time employee of the State of New Jersey, or a full-
7 time employee of an employer other than the State who appears on
8 a regular payroll and receives a salary or wages for an average of
9 the number of hours per week as prescribed by the governing body
10 of the participating employer which number of hours worked shall
11 be considered full-time, determined by resolution, and not less than
12 20. (2) After the effective date of P.L. , c. (pending before the
13 Legislature as this bill), the term "employee" means (i) a full-time
14 appointive or elective officer whose hours of work are fixed at 35 or
15 more per week, a full-time employee of the State, or a full-time
16 employee of an employer other than the State who appears on a
17 regular payroll and receives a salary or wages for an average of the
18 number of hours per week as prescribed by the governing body of
19 the participating employer which number of hours worked shall be
20 considered full-time, determined by resolution, and not less than 25,
21 or (ii) an appointive or elective officer, an employee of the State, or
22 an employee of an employer other than the State who has or is
23 eligible for health benefits coverage provided under P.L.1961, c.49
24 (C.52:14-17.25 et seq.) or sections 31 through 41 of P.L.2007, c.103
25 (C.52:14-17.46.1 et seq.) on that effective date and continuously
26 thereafter provided the officer or employee is covered by the
27 definition in paragraph (1) of this subsection. For the purposes of
28 this act an employee of Rutgers, The State University of New
29 Jersey, shall be deemed to be an employee of the State, and an
30 employee of the New Jersey Institute of Technology shall be
31 considered to be an employee of the State during such time as the
32 Trustees of the Institute are party to a contractual agreement with
33 the State Treasurer for the provision of educational services. The
34 term "employee" shall further mean, for purposes of this act, a
35 former employee of the South Jersey Port Corporation, who is
36 employed by a subsidiary corporation or other corporation, which
37 has been established by the Delaware River Port Authority pursuant
38 to subdivision (m) of Article I of the compact creating the Delaware
39 River Port Authority (R.S.32:3-2), as defined in section 3 of
40 P.L.1997, c.150 (C.34:1B-146), and who is eligible for continued
41 membership in the Public Employees' Retirement System pursuant
42 to subsection j. of section 7 of P.L.1954, c.84 (C.43:15A-7).

43 For the purposes of this act the term "employee" shall not
44 include persons employed on a short-term, seasonal, intermittent or
45 emergency basis, persons compensated on a fee basis, persons
46 having less than two months of continuous service or persons whose
47 compensation from the State is limited to reimbursement of
48 necessary expenses actually incurred in the discharge of their

1 official duties, provided, however, that the term "employee" shall
2 include persons employed on an intermittent basis to whom the
3 State has agreed to provide coverage under P.L.1961, c.49
4 (C.52:14-17.25 et seq.) in accordance with a binding collective
5 negotiations agreement. An employee paid on a 10-month basis,
6 pursuant to an annual contract, will be deemed to have satisfied the
7 two-month waiting period if the employee begins employment at
8 the beginning of the contract year. The term "employee" shall also
9 not include retired persons who are otherwise eligible for benefits
10 under this act but who, although they meet the age or disability
11 eligibility requirement of Medicare, are not covered by Medicare
12 Hospital Insurance, also known as Medicare Part A, and Medicare
13 Medical Insurance, also known as Medicare Part B. A determination
14 by the commission that a person is an eligible employee within the
15 meaning of this act shall be final and shall be binding on all parties.

16 (d) (1) The term "dependents" means an employee's spouse,
17 partner in a civil union couple or an employee's domestic partner as
18 defined in section 3 of P.L.2003, c.246 (C.26:8A-3), and the
19 employee's unmarried children under the age of 23 years who live
20 with the employee in a regular parent-child relationship. "Children"
21 shall include stepchildren, legally adopted children and children
22 placed by the Division of Youth and Family Services in the
23 Department of Children and Families, provided they are reported
24 for coverage and are wholly dependent upon the employee for
25 support and maintenance. A spouse, partner in a civil union couple,
26 domestic partner or child enlisting or inducted into military service
27 shall not be considered a dependent during the military service. The
28 term "dependents" shall not include spouses, partners in a civil
29 union couple or domestic partners of retired persons who are
30 otherwise eligible for the benefits under this act but who, although
31 they meet the age or disability eligibility requirement of Medicare,
32 are not covered by Medicare Hospital Insurance, also known as
33 Medicare Part A, and Medicare Medical Insurance, also known as
34 Medicare Part B.

35 (2) Notwithstanding the provisions of paragraph (1) of this
36 subsection to the contrary and subject to the provisions of paragraph
37 (3) of this subsection, for the purposes of an employer other than
38 the State that is participating in the State Health Benefits Program
39 pursuant to section 3 of P.L.1964, c.125 (C.52:14-17.34), the term
40 "dependents" means an employee's spouse or partner in a civil
41 union couple and the employee's unmarried children under the age
42 of 23 years who live with the employee in a regular parent-child
43 relationship. "Children" shall include stepchildren, legally adopted
44 children and children placed by the Division of Youth and Family
45 Services in the Department of Children and Families provided they
46 are reported for coverage and are wholly dependent upon the
47 employee for support and maintenance. A spouse, partner in a civil
48 union couple or child enlisting or inducted into military service

1 shall not be considered a dependent during the military service. The
2 term "dependents" shall not include spouses or partners in a civil
3 union couple of retired persons who are otherwise eligible for
4 benefits under P.L.1961, c.49 (C.52:14-17.25 et seq.) but who,
5 although they meet the age or disability eligibility requirement of
6 Medicare, are not covered by Medicare Hospital Insurance, also
7 known as Medicare Part A, and Medicare Medical Insurance, also
8 known as Medicare Part B.

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

15 (e) The term "carrier" means a voluntary association,
16 corporation or other organization, including a health maintenance
17 organization as defined in section 2 of the "Health Maintenance
18 Organizations Act," P.L.1973, c.337 (C.26:2J-2), which is lawfully
19 engaged in providing or paying for or reimbursing the cost of,
20 personal health services, including hospitalization, medical and
21 surgical services, under insurance policies or contracts, membership
22 or subscription contracts, or the like, in consideration of premiums
23 or other periodic charges payable to the carrier.

24 (f) The term "hospital" means (1) an institution operated
25 pursuant to law which is primarily engaged in providing on its own
26 premises, for compensation from its patients, medical diagnostic
27 and major surgical facilities for the care and treatment of sick and
28 injured persons on an inpatient basis, and which provides such
29 facilities under the supervision of a staff of physicians and with 24
30 hour a day nursing service by registered graduate nurses, or (2) an
31 institution not meeting all of the requirements of (1) but which is
32 accredited as a hospital by the Joint Commission on Accreditation
33 of Hospitals. In no event shall the term "hospital" include a
34 convalescent nursing home or any institution or part thereof which
35 is used principally as a convalescent facility, residential center for
36 the treatment and education of children with mental disorders, rest
37 facility, nursing facility or facility for the aged or for the care of
38 drug addicts or alcoholics.

39 (g) The term "State managed care plan" means a health care
40 plan under which comprehensive health care services and supplies
41 are provided to eligible employees, retirees, and dependents: (1)
42 through a group of doctors and other providers employed by the
43 plan; or (2) through an individual practice association, preferred
44 provider organization, or point of service plan under which services
45 and supplies are furnished to plan participants through a network of
46 doctors and other providers under contracts or agreements with the
47 plan on a prepayment or reimbursement basis and which may
48 provide for payment or reimbursement for services and supplies

1 obtained outside the network. The plan may be provided on an
2 insured basis through contracts with carriers or on a self-insured
3 basis, and may be operated and administered by the State or by
4 carriers under contracts with the State.

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

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

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

22 (cf: P.L.2008, c.89, s.15)

23

24 10. Section 32 of P.L.2007, c.103 (C.52:14-17.46.2) is amended
25 to read as follows:

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

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

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

33 c. The term "employer" means local school district, regional
34 school district, county vocational school district, county special
35 services school district, jointure commission, educational services
36 commission, State-operated school district, charter school, county
37 college, any officer, board, or commission under the authority of
38 the Commissioner of Education or of the State Board of Education,
39 and any other public entity which is established pursuant to
40 authority provided by Title 18A of the New Jersey Statutes, but
41 excluding the State public institutions of higher education and
42 excluding those public entities where the employer is the State of
43 New Jersey.

44 d. (1) The term "employee" means a person employed in any
45 full time capacity by an employer, and shall include persons defined
46 as a school employee by the regulations of the State Health Benefits
47 Commission in effect on the effective date of the School
48 Employees' Health Benefits Program Act. "Full-time" shall have the

1 same meaning as in the regulation of the State Health Benefits
2 Commission regarding local coverage in effect on the effective date
3 of the School Employees' Health Benefits Program Act. (2) After
4 the effective date of P.L. , c. (pending before the Legislature as
5 this bill), the term "employee" means (a) a person employed in any
6 full-time capacity by an employer who appears on a regular payroll
7 and receives a salary or wages for an average of the number of
8 hours per week as prescribed by the governing body of the
9 participating employer which number of hours worked shall be
10 considered full-time, determined by resolution, and not less than 25,
11 and shall include persons defined as a school employee by the
12 regulations of the State Health Benefits Commission in effect on the
13 effective date of the School Employees' Health Benefits Program
14 Act, or (b) a person employed in any full-time capacity by an
15 employer who has or is eligible for health benefits coverage
16 provided under P.L.1961, c.49 (C.52:14-17.25 et seq.) or sections
17 31 through 41 of P.L.2007, c.103 (C.52:14-17.46.1 et seq.) on that
18 effective date and continuously thereafter provided the person is
19 covered by the definition in paragraph (1) of this subsection. The
20 term "employee" shall not include persons employed on a short-
21 term, seasonal, intermittent, or emergency basis, persons
22 compensated on a fee basis, persons having less than two months of
23 continuous service or persons whose compensation is limited to
24 reimbursement of necessary expenses actually incurred in the
25 discharge of their official duties. An employee paid on a 10-month
26 basis, pursuant to an annual contract, shall be deemed to have
27 satisfied the two-month waiting period if the employee begins
28 employment at the beginning of the contract year. The term
29 "employee" shall also not include retired persons who are otherwise
30 eligible for benefits under the School Employees' Health Benefits
31 Program but who, although they meet the age or disability
32 eligibility requirement of Medicare, are not covered by Medicare
33 Hospital Insurance, also known as Medicare Part A, and Medicare
34 Medical Insurance, also known as Medicare Part B. A determination
35 by the commission that a person is an eligible employee for the
36 purposes of the School Employees' Health Benefits Program shall
37 be final and binding on all parties.

38 e. The term "dependents" means an employee's spouse,
39 domestic partner, or partner in a civil union couple, and unmarried
40 children under the age of 23 years who live in a regular parent/child
41 relationship. "Children" shall include stepchildren, legally adopted
42 children and children placed by the Division of Youth and Family
43 Services in the Department of Children and Families, provided they
44 are reported for coverage and are wholly dependent upon the
45 employee for support and maintenance. A spouse, domestic partner,
46 partner in a civil union couple, or child enlisting or inducted into
47 military service shall not be considered a dependent during the
48 military service. The term "dependents" shall not include spouses,

1 domestic partners, or partners in a civil union couple, of retired
2 persons who are otherwise eligible for the benefits under the School
3 Employees' Health Benefits Program but who, although they meet
4 the age or disability eligibility requirement of Medicare, are not
5 covered by Medicare Hospital Insurance, also known as Medicare
6 Part A, and Medicare Medical Insurance, also known as Medicare
7 Part B.

8 f. The term "carrier" means a voluntary association,
9 corporation or other organization, including but not limited to a
10 health maintenance organization as defined in section 2 of the
11 "Health Maintenance Organizations Act," P.L.1973, c.337 (C.26:2J-
12 2), which is lawfully engaged in providing or paying for or
13 reimbursing the cost of, personal health services, including
14 hospitalization, medical and surgical services under insurance
15 policies or contracts, membership or subscription contracts, or the
16 like, in consideration of premiums or other periodic charges payable
17 to the carrier.

18 g. The term "hospital" means:

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

26 (2) an institution not meeting all of the requirements of
27 paragraph (1) but which is accredited as a hospital by the Joint
28 Commission on Accreditation of Hospitals. In no event shall the
29 term "hospital" include a convalescent nursing home or any
30 institution or part thereof which is used principally as a
31 convalescent facility, residential center for the treatment and
32 education of children with mental disorders, rest facility, nursing
33 facility or facility for the aged or for the care of drug addicts or
34 alcoholics.

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

39 i. The term "managed care plan" means a health care plan
40 under which comprehensive health care services and supplies are
41 provided to eligible employees, retirees, and dependents: (1)
42 through a group of doctors and other providers employed by the
43 plan; or (2) through an individual practice association, preferred
44 provider organization, or point of service plan under which services
45 and supplies are furnished to plan participants through a network of
46 doctors and other providers under contracts or agreements with the
47 plan on a prepayment or reimbursement basis and which may
48 provide for payment or reimbursement for services and supplies

1 obtained outside the network. The plan may be provided on an
2 insured basis through contracts with carriers or on a self-insured
3 basis, and may be operated and administered by the State or by
4 carriers under contracts with the State.

5 j. The term "successor plan" means a managed care plan that
6 shall replace the "traditional plan," as defined in section 2 of
7 P.L.1961, c.49 (C.52:14-17.26), and that shall provide benefits as
8 set forth in section 36 of P.L.2007, c.103 (C.52:14-17.46.6), and
9 provide out-of-network benefits to participants with a payment by
10 the plan of 80% of reasonable and customary charges as set forth in
11 section 37 of P.L.2007, c.103 (C.52:14-17.46.7) and as may be
12 adjusted in accordance with section 40 of P.L.2007, c.103 (C.52:14-
13 17.46.10).

14 (cf: P.L.2007, c.103, s.32)

15

16 11. Section 36 of P.L.1995, c.259 (C.52:14-17.31a) is amended
17 to read as follows:

18 36. a. Notwithstanding the provisions of any other law to the
19 contrary, an employer other than the State which participates in the
20 State Health Benefits Program, established pursuant to P.L.1961,
21 c.49 (C.52:14-17.25 et seq.), may allow any employee who is
22 eligible for other health care coverage to waive coverage under the
23 State Health Benefits Program to which the employee is entitled by
24 virtue of employment with the employer. The waiver shall be in
25 such form as the Director of the Division of Pensions and Benefits
26 shall prescribe and shall be filed with the division. After such
27 waiver has been filed and for so long as that waiver remains in
28 effect, no premium shall be required to be paid by the employer for
29 the employee or the employee's dependents. Not later than the
30 180th day after the date on which the waiver is filed, the division
31 shall refund to the employer the amount of any premium previously
32 paid by the employer with respect to any period of coverage which
33 followed the filing date.

34 b. Notwithstanding the provisions of any other law to the
35 contrary, the State as an employer, or an employer that is an
36 independent authority, commission, board, or instrumentality of the
37 State which participates in the State Health Benefits Program, may
38 allow any employee who is eligible for other health care coverage
39 that is not under the State Health Benefits Program to waive the
40 coverage under the State Health Benefits Program to which the
41 employee is entitled by virtue of employment with the employer.
42 The waiver shall be in such form as the Director of the Division of
43 Pensions and Benefits shall prescribe and shall be filed with the
44 division.

45 c. In consideration of filing a waiver as permitted in
46 subsections a. and b. of this section, an employer may pay to the
47 employee annually an amount, to be established in the sole
48 discretion of the employer, which shall not exceed 50% of the

1 amount saved by the employer because of the employee's waiver of
2 coverage, and, for a waiver filed on or after the effective date of
3 P.L. , c. (pending before the Legislature as this bill), which shall
4 not exceed 25%, or \$5,000, whichever is less, of the amount saved
5 by the employer because of the employee's waiver of coverage. An
6 employee who waives coverage shall be permitted to immediately
7 resume coverage if the employee ceases to be eligible for other
8 health care coverage for any reason, including, but not limited to,
9 the retirement or death of the spouse or divorce. An employee who
10 resumes coverage shall repay, on a pro rata basis, any amount
11 received from the employer which represents an advance payment
12 for a period of time during which coverage is resumed. An
13 employee who wishes to resume coverage shall notify the employer
14 in writing and file a declaration with the division, in such form as
15 the director of the division shall prescribe, that the waiver is
16 revoked. The decision of an employer to allow its employees to
17 waive coverage and the amount of consideration to be paid therefor
18 shall not be subject to the collective bargaining process.
19 (cf: P.L.2008, c.89, s.2)

20

21 12. Section 7 of P.L.1961, c.49 (C.52:14-17.31) is amended to
22 read as follows:

23 7. The coverage provided solely for employees shall, subject to
24 the provisions below, automatically become effective for all eligible
25 employees from the first day on or after the effective date of the
26 program on which they satisfy the definition of "employee"
27 contained in this act. The commission shall establish the rules and
28 regulations governing the enrollment and effective dates of
29 coverage of dependents of employees it deems necessary or
30 desirable. The rules and regulations shall not defer coverage with
31 respect to any qualified dependent an employee has on the date the
32 employee's employer becomes a participating employer, provided
33 the employee was, immediately prior to the date, insured with
34 respect to the dependent under a group insurance plan of the
35 employer which was in effect immediately prior to the date. Under
36 the rules and regulations established by the commission, each
37 employee shall be given the opportunity to enroll for coverage for
38 dependents as of the earliest date the employee becomes eligible for
39 enrollment. With respect to the traditional plan, an employee may
40 elect to enroll dependents for both basic coverage and major
41 medical expense coverage but may not enroll for either coverage
42 alone.

43 In the event that the group health plan which covered an
44 employee or dependents immediately prior to the date the
45 employee's employer becomes a participating employer provides,
46 after termination of coverage thereunder, any continuation of
47 benefits, or would so provide in the absence of coverage pursuant to
48 this act, no coverage shall be afforded pursuant to this act for any

1 such expenses (i) which are covered, or which would be covered in
2 the absence of coverage pursuant to this act, in whole or in part, by
3 the prior insurance plan or (ii) which may be used in satisfaction of
4 any deductible requirement under the prior insurance plan to
5 establish entitlement to the continuation of benefits.

6 Each employee shall furnish the Division of Pensions and
7 Benefits, in the prescribed form, the information necessary on
8 account of the employee's own coverage and necessary to enroll
9 dependents. Any employee not desiring coverage at the time the
10 employee first becomes eligible, shall give the division written
11 notice of that fact in the form prescribed by the division. The
12 employee may not enroll thereafter except at the times and under
13 the conditions prescribed by the commission.

14 **【If an employee of an employer other than the State eligible for**
15 **coverage has a spouse who is also an employee of an employer**
16 **other than the State eligible for coverage, the spouse may elect**
17 **single coverage as an employee and to enroll as a dependent, in**
18 **which event no coverage shall be provided for such spouse as an**
19 **employee while covered as a dependent. The employee of an**
20 **employer other than the State, who has enrolled such spouse, and**
21 **who is required to pay the full cost of dependent coverage, may**
22 **receive a refund from the State Division of Pensions and Benefits**
23 **equivalent in amount to the employer's cost for an employee's**
24 **coverage. When both husband and wife are covered as employees,**
25 **only one may enroll for their children as dependents.**

26 A similar refund shall be authorized pursuant to such rules and
27 regulations as the commission deems necessary or desirable in the
28 case of an employee of an employer other than the State who is
29 paying the full cost of dependent coverage for a spouse who is an
30 employee of the State and eligible for coverage.

31 If a husband and wife are both eligible for coverage under the
32 program as employees:

33 a. each may elect coverage for himself or herself as an
34 employee and for their qualified dependents, including the spouse,
35 in any plan offered other than a health maintenance organization,
36 but only one may elect coverage for himself or herself and for their
37 qualified dependents, including the spouse, in a participating health
38 maintenance organization; and

39 b. each may elect single coverage in any participating health
40 maintenance organization, provided that he or she is not covered
41 under the participating health maintenance organization as a
42 dependent of his or her spouse.】

43 Any person employed as a substitute teacher by a school district
44 and who provides evidence of coverage under another health
45 benefits program may waive coverage for the current school year on
46 or after the date on which the person becomes an employee eligible
47 for coverage.

1 Multiple coverage in the program as an employee, dependent, or
2 retiree shall be prohibited and the prohibition shall be implemented
3 in accordance with the rules and regulations promulgated by the
4 commission. The provisions of this paragraph shall be applicable to
5 the State Health Benefits Program and to the School Employees'
6 Health Benefits Program to the extent not inconsistent with
7 provisions of sections 31 through 41 of P.L.2007, c.103 (C.52:14-
8 17.46.1 et seq.).

9 (cf: P.L.2007, c.103, s.25)

10
11 13. Section 6 of P.L.1979, c.391 (C.18A:16-17) is amended to
12 read as follows:

13 6. a. Any local board of education entering into a contract
14 pursuant to this act is authorized to pay part or all of the premiums
15 or charges for such contracts and may appropriate out of its general
16 funds any money necessary to pay such premiums or charges or
17 portions thereof.

18 The contribution required of any employee toward the cost of
19 such coverage may be deducted from the pay, salary or other
20 compensation of such employee upon authorization in writing made
21 to the local board of education.

22 The local board of education may reimburse an active employee
23 for his premium charges under Part B of the Federal Medicare
24 Program covering the employee alone.

25 Nothing herein shall be construed as compelling a local board of
26 education to pay any portion of the premiums or charges
27 attributable to such contracts.

28 b. Commencing on the effective date of P.L. , c. (pending
29 before the Legislature as this bill) and upon the expiration of any
30 applicable binding collective negotiations agreement in force on
31 that effective date, employees of a local board of education shall
32 pay 1.5 percent of base salary, through the withholding of the
33 contribution from the pay, salary or other compensation, for health
34 care benefits coverage provided pursuant to P.L.1979, c.391
35 (C.18A:16-12 et seq.), notwithstanding any other amount that may
36 be required additionally pursuant to subsection a. of this section for
37 such coverage. This subsection shall apply also when the health
38 care benefits coverage is provided through an insurance fund or
39 joint insurance fund or in any other manner.

40 (cf: P.L.1979, c.391, s.6)

41
42 14. N.J.S.40A:10-21 is amended to read as follows:

43 40A:10-21. a. Any employer entering into a contract pursuant
44 to this subarticle is hereby authorized to pay part or all of the
45 premiums or charges for the contracts and may appropriate out of
46 its general funds any money necessary to pay premiums or charges
47 or portions thereof. The contribution required of any employee
48 toward the cost of coverage may be deducted from the pay, salary

1 or other compensation of the employee upon an authorization in
2 writing made to the appropriate disbursing officer.

3 The employer may reimburse an active employee for his
4 premium charges under Part B of the Federal Medicare Program
5 covering the employee alone.

6 Nothing herein shall be construed as compelling an employer to
7 pay any portion of the premiums or charges attributable to the
8 contracts.

9 b. Commencing on the effective date of P.L. , c. (pending
10 before the Legislature as this bill) and upon the expiration of any
11 applicable binding collective negotiations agreement in force on
12 that effective date, employees of an employer shall pay 1.5 percent
13 of base salary, through the withholding of the contribution from the
14 pay, salary or other compensation, for health care benefits coverage
15 provided pursuant to N.J.S.40A:10-17, notwithstanding any other
16 amount that may be required additionally pursuant to subsection a.
17 of this section for such coverage. This subsection shall apply also
18 when the health care benefits coverage is provided through an
19 insurance fund or joint insurance fund or in any other manner. This
20 subsection shall apply to any agency, board, commission, authority,
21 or instrumentality of a local unit.

22 (cf: N.J.S.40A:10-21)

23

24 15. N.J.S.40A:10-23 is amended to read as follows:

25 40A:10-23. a. Retired employees shall be required to pay for
26 the entire cost of coverage for themselves and their dependents at
27 rates which are deemed to be adequate to cover the benefits, as
28 affected by Medicare, of the retired employees and their dependents
29 on the basis of the utilization of services which may be reasonably
30 expected of the older age classification; provided, however, that the
31 total rate payable by a retired employee for himself and his
32 dependents, for coverage under the contract and for Part B of
33 Medicare, shall not exceed by more than 25% the total amount that
34 would have been required to have been paid by the employee and
35 his employer for the coverage maintained had he continued in office
36 or active employment and he and his dependents were not eligible
37 for Medicare benefits.

38 The employer may, in its discretion, assume the entire cost or a
39 portion of the cost of such coverage and pay all or a portion of the
40 premiums for employees a. who have retired on a disability pension,
41 or b. who have retired after 25 years or more of service credit in a
42 State or locally administered retirement system and a period of
43 service of up to 25 years with the employer at the time of
44 retirement, such period of service to be determined by the employer
45 and set forth in an ordinance or resolution as appropriate, or c. who
46 have retired and reached the age of 65 years or older with 25 years
47 or more of service credit in a State or locally administered
48 retirement system and a period of service of up to 25 years with the

1 employer at the time of retirement, such period of service to be
2 determined by the employer and set forth in an ordinance or
3 resolution as appropriate, or d. who have retired and reached the age
4 of 62 years or older with at least 15 years of service with the
5 employer, including the premiums on their dependents, if any,
6 under uniform conditions as the governing body of the local unit
7 shall prescribe. The period of time a county law enforcement
8 officer has been employed by any county or municipal police
9 department, sheriff's department or county prosecutor's office, may
10 be counted cumulatively as "service with the employer" for the
11 purpose of qualifying for payment of health insurance premiums by
12 the county pursuant to this section.

13 b. An employee who becomes a member of a State or locally-
14 administered retirement system on or after the effective date of
15 P.L. , c. (pending before the Legislature as this bill) shall pay in
16 retirement 1.5 percent of the retiree's monthly retirement
17 allowance, including any future cost-of-living adjustments, through
18 the withholding of the contribution from the monthly retirement
19 allowance, for health care benefits coverage provided under
20 N.J.S.40A:10-22, notwithstanding any other amount that may be
21 required additionally by the employer or through a collective
22 negotiations agreement for such coverage. This subsection shall
23 apply also when the health care benefits coverage is provided
24 through an insurance fund or joint insurance fund or in any other
25 manner. This subsection shall apply to any agency, board,
26 commission, authority, or instrumentality of a local unit.

27 (cf: P.L.1995, c.136, s.1)

28

29 16. (New section) Commencing on the effective date of P.L. ,
30 c. (pending before the Legislature as this bill) and upon the
31 expiration of any applicable binding collective negotiations
32 agreement in force on that effective date, employees of a county
33 college shall pay 1.5 percent of base salary, through the withholding
34 of the contribution from the pay, salary or other compensation, for
35 health care benefits coverage provided by the employer,
36 notwithstanding any other amount that may be required additionally
37 by the employer or through collective negotiations agreements for
38 such coverage. This section shall apply also when the health care
39 benefits coverage is provided through an insurance fund or joint
40 insurance fund or in any other manner.

41

42 17. Section 3 of P.L.2003, c.3 (C.18A:64A-13.1) is amended to
43 read as follows:

44 3. Notwithstanding the provisions of any other law to the
45 contrary, a county college that enters into a contract providing group
46 health care benefits to its employees may allow any employee who is
47 eligible for other health care coverage to waive coverage under the
48 county college's plan to which the employee is entitled by virtue of

1 employment with the county college. The waiver shall be in such
2 form as the county college shall prescribe and shall be filed with the
3 county college. In consideration of filing such a waiver, a county
4 college may pay to the employee annually an amount, to be established
5 in the sole discretion of the county college, which shall not exceed
6 50% of the amount saved by the county college because of the
7 employee's waiver of coverage, and, for a waiver filed on or after the
8 effective date of P.L. , c. (pending before the Legislature as this
9 bill), which shall not exceed 25%, or \$5,000, whichever is less, of the
10 amount saved by the county college because of the employee's waiver
11 of coverage. An employee who waives coverage shall be permitted to
12 resume coverage under the same terms and conditions as apply to
13 initial coverage if the employee ceases to be covered through the other
14 health care coverage for any reason, including, but not limited to, the
15 retirement or death of the employee's spouse or divorce. An employee
16 who resumes coverage shall repay, on a pro rata basis, any amount
17 received which represents an advance payment for a period of time
18 during which coverage is resumed. An employee who wishes to
19 resume coverage shall file a declaration with the county college in
20 such form as the county college shall prescribe, that the waiver is
21 revoked. The decision of a county college to allow its employees to
22 waive coverage and the amount of consideration to be paid therefor
23 shall not be subject to the collective bargaining process.

24 (cf: P.L.2003, c.3, s.3)

25

26 18. Section 37 of P.L.1995, c.259 (C.40A:10-17.1) is amended to
27 read as follows:

28 37. Notwithstanding the provisions of any other law to the
29 contrary, a county, municipality or any contracting unit as defined in
30 section 2 of P.L.1971, c.198 (C.40A:11-2) which enters into a contract
31 providing group health care benefits to its employees pursuant to
32 N.J.S.40A:10-16 et seq., may allow any employee who is eligible for
33 other health care coverage to waive coverage under the county's,
34 municipality's or contracting unit's plan to which the employee is
35 entitled by virtue of employment with the county, municipality or
36 contracting unit. The waiver shall be in such form as the county,
37 municipality or contracting unit shall prescribe and shall be filed with
38 the county, municipality or contracting unit. In consideration of filing
39 such a waiver, a county, municipality or contracting unit may pay to
40 the employee annually an amount, to be established in the sole
41 discretion of the county, municipality or contracting unit, which shall
42 not exceed 50% of the amount saved by the county, municipality or
43 contracting unit because of the employee's waiver of coverage, and,
44 for a waiver filed on or after the effective date of P.L. , c. (pending
45 before the Legislature as this bill), which shall not exceed 25%, or
46 \$5,000, whichever is less, of the amount saved by the county,
47 municipality or contracting unit because of the employee's waiver of
48 coverage. An employee who waives coverage shall be permitted to

1 resume coverage under the same terms and conditions as apply to
2 initial coverage if the employee ceases to be covered through the
3 employee's spouse for any reason, including, but not limited to, the
4 retirement or death of the spouse or divorce. An employee who
5 resumes coverage shall repay, on a pro rata basis, any amount received
6 which represents an advance payment for a period of time during
7 which coverage is resumed. An employee who wishes to resume
8 coverage shall file a declaration with the county, municipality or
9 contracting unit, in such form as the county, municipality or
10 contracting unit shall prescribe, that the waiver is revoked. The
11 decision of a county, municipality or contracting unit to allow its
12 employees to waive coverage and the amount of consideration to be
13 paid therefor shall not be subject to the collective bargaining process.
14 (cf: P.L.2003. c.3, s.1)

15

16 19. This act shall take effect on the 60th day following
17 enactment.

18

19

20

STATEMENT

21

22 This bill makes various changes to the State Health Benefits
23 Program (SHBP) and the School Employees' Health Benefits
24 Program (SEHBP) concerning eligibility, cost sharing, choice of a
25 plan, the application of benefit changes, the waiver of coverage and
26 multiple coverage under such plans. The bill also requires
27 contributions toward the cost of health care benefits coverage by
28 public employees and certain retirees.

29

Sections 1 through 6:

30

31 These sections require, after the bill's effective date and the
32 expiration of any applicable binding collective negotiations
33 agreement, that active employees of the State, local governments,
34 and boards of education will contribute 1.5 percent of base salary
35 toward the cost of health care coverage under the SHBP and the
36 SEHBP. Employees of the State, local governments, and board of
37 educations who become a member of a State or locally-administered
38 retirement system on or after the bill's effective date would be
39 required to pay in retirement 1.5 percent of their pension benefit
40 toward the cost of health care coverage under the SHBP and the
41 SEHBP. For State and local government employees and retirees
42 and for board of education employees, this amount will be in
43 addition to any other amount that maybe required through the
44 collective negotiations process for employees with a majority
45 representative for collective negotiations and, for those without
46 such a representative, through the application of the terms of a
47 collective negotiations agreement upon them. The contribution
48 required for new State employees in retirement will not be waived

1 for a retiree who participates in the New Jersey Retirees' Wellness
2 Program.

3

4 Section 7:

5 This section provides local governments, including local boards
6 of education, with the ability to limit, through collective
7 negotiations agreements with their active employees, the choice of
8 plans offered by the SHBP or the SEHBP.

9

10 Section 8:

11 This section requires that changes in the provision of health care
12 benefits through the SHBP and the SEHBP that are included in
13 collective negotiations agreements between the State and its
14 employees be applied to local government employees including
15 school employees at the same time and in the same manner as to
16 State employees.

17

18 Section 9 and 10:

19 These sections provide that, after the bill's effective date,
20 enrollment in the SHBP will be limited to a person who: 1) is a full-
21 time appointive or elective officer of the State or local government
22 whose hours of work are fixed at 35 or more per week, a full-time
23 employee of the State, or a full-time employee of an employer other
24 than the State whose hours of work are fixed by the governing body
25 at not less than 25 per week; or 2) an appointive or elective officer,
26 an employee of the State, or an employee of an employer other than
27 the State who has or is eligible for health benefits coverage in
28 SHBP on that effective date and continuously thereafter. The bill
29 similarly limits enrollment in the SEHBP to persons employed full-
30 time whose hours of work are fixed by the governing body at not
31 less than 25 per week.

32

33 Section 11:

34 This section incorporates a recommendation of the Joint
35 Legislative Committee on Public Employee Benefits Reform that
36 was partly implemented by the enactment of P.L.2007, c.92 and
37 P.L.2008, c.89. This bill implements the recommendation that the
38 waiver incentive be set at 25% of the amount saved by the employer
39 and goes further to cap the amount at \$5,000. This will apply to
40 waivers filed after the bill's effective date.

41

42 Section 12:

43 This section prohibits multiple coverage in the SHBP and the
44 SEHBP in accordance with the rules and regulations promulgated
45 by the State Health Benefits Commission and the School
46 Employees' Health Benefits Commission.

1 Sections 13 to 18:

2 These sections makes changes that would affect those public
3 employees who do not receive health care benefits coverage by the
4 SHBP or the SEHBP. Specifically, the bill requires employees of a
5 local board of education, a county, a municipality, and a county
6 college to pay 1.5 percent of their base salary for the health care
7 benefits coverage provided by their employers, notwithstanding any
8 other amount that may be required additionally by contract with
9 such employers. The bill also requires a local employee who
10 becomes a member of a State or locally administered retirement
11 system on or after the bill's effective date to pay in retirement 1.5
12 percent of their monthly allowance, including cost of living
13 adjustments, for health care benefits coverage. The bill changes the
14 health care benefits waiver amount for employees of a county,
15 municipality or county college from 50% to 25%, or \$5,000,
16 whichever is less, of the amount saved by the employer because of
17 the employee's waiver of such coverage.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2460

STATE OF NEW JERSEY

DATED: MARCH 18, 2010

The Assembly Appropriations Committee reports favorably Assembly, No. 2460.

The bill makes various changes to the State Health Benefits Program (SHBP) and the School Employees' Health Benefits Program (SEHBP) concerning eligibility, cost sharing, choice of a plan, the application of benefit changes, the waiver of coverage and multiple coverage under such plans.

Specifically, the bill provides that:

1) after the bill's effective date and the expiration of any applicable binding collective negotiations agreement, active employees of the State, local governments, and boards of education will contribute 1.5 percent of base salary toward the cost of health care coverage under the SHBP and the SEHBP. Employees of the State, local governments, and board of educations who become members of a State or locally-administered retirement system on or after the bill's effective date would be required to pay in retirement 1.5 percent of their pension benefit toward the cost of health care coverage under the SHBP and the SEHBP. For State and local government employees and retirees and for board of education employees, this amount will be in addition to any other amount that maybe required through the collective negotiations process for employees with a majority representative for collective negotiations and, for those without such a representative, through the application of the terms of a collective negotiations agreement upon them. The contribution required for new State employees in retirement will not be waived for a retiree who participates in the New Jersey Retirees' Wellness Program.

2) local governments, including local boards of education, will be able to limit, through collective negotiations agreements with their active employees, the choice of plans offered by the SHBP or the SEHBP.

3) changes in the provision of health care benefits through the SHBP and the SEHBP that are included in collective negotiations agreements between the State and its employees will be applied to local government employees including school employees at the same time and in the same manner as to State employees.

4) after the bill's effective date, enrollment in the SHBP will be limited to a person who: 1) is a full-time appointive or elective officer

of the State or local government whose hours of work are fixed at 35 or more per week, a full-time employee of the State, or a full-time employee of an employer other than the State whose hours of work are fixed by the governing body at not less than 25 per week; or 2) an appointive or elective officer, an employee of the State, or an employee of an employer other than the State who has or is eligible for health benefits coverage in SHBP on that effective date and continuously thereafter. The bill similarly limits enrollment in the SEHBP to persons employed full-time whose hours of work are fixed by the governing body at not less than 25 per week.

5) the incentive that a public employer may provide to an employee who waives health care benefits coverage under any plan or program offered by the employer cannot exceed 25% of the amount saved by the employer or \$5,000, whichever is greater. The current limit is 50% of the amount saved by the employer.

6) multiple coverage in the SHBP and the SEHBP will not be permitted in accordance with the rules and regulations promulgated by the State Health Benefits Commission and the School Employees' Health Benefits Commission.

This bill is identical to Senate Bill No. 3 (1R), as also reported by the committee.

FISCAL IMPACT:

The Division of Pensions and Benefits in the Department of the Treasury estimates that the provision of the bill requiring active employees of local government entities and boards of education to contribute 1.5 percent of compensation for health care benefits could result in savings to those entities and boards of \$314 million in State Fiscal Year 2011, \$324 million in Fiscal Year 2012, and \$333 million in Fiscal Year 2013. This estimate assumes a July 1, 2010 effective date for the bill and that compensation for public employees will increase 3 percent annually. State employees currently contribute 1.5 percent of pay, which for FY 2010 equals approximately \$81.3 million. No additional estimates concerning the other provisions of the bill have been provided by the division.

The OLS notes that these savings will begin to be realized upon the expiration of collective negotiations agreements, and the local government entities participating in the SHBP and the SEHBP may realize additional savings through the implementation of the various other provisions of the bill. However, the OLS cannot estimate those savings because information and data is not available. The savings to be realized by any one local government entity or board of education will depend on the particular circumstances of that entity or board.

The OLS notes that the State may realize some additional savings from the provision of the bill concerning the definition in SHBP of full time as 35 or more hours of work per week for appointed or elected

officials, and the provision concerning waivers of health care benefits coverage.

With regard to the contribution in retirement required of future employees of the State, local government entities, and boards of education, a fiscal impact cannot be determined because the impact will occur many years after the bill's effective date.

Newsroom

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Mar. 22, 2010 - Statement by Governor Chris Christie on the Signing of Pension Reform Legislation

For Immediate Release:

Date: Monday, March 22, 2010

Contact: Michael Drewniak

609-777-2600

Trenton, NJ - Governor Chris Christie released the following statement upon signing S2, S3 and S4 into law:

"The passage of today's set of bills is a solid start to reforming our pension system and I applaud the Senate and Assembly Leadership and the entire bipartisan efforts of the legislature for taking this necessary first step. It is clear that our state can no longer afford a system that is rife with abuse, that promises substantial payouts with little buy-in, and that provides benefits that are wildly out of proportion with the private sector. The costs in the system remain dangerously out of balance and additional reforms are necessary to ensure the future solvency of the system. I will continue to work with stakeholders, the legislative leadership, and members of both parties to bring about additional reforms to fix the system in a responsible, fair and fiscally sound manner for New Jersey taxpayers."

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Press Releases



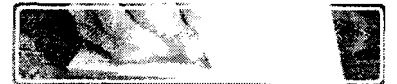
Photos



Public Addresses



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Press Kit



Reports

