

**52:14-17.46.13 TO 52:14-17.46.16 et al.  
LEGISLATIVE HISTORY CHECKLIST**

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**LAWS OF:** 2020                      **CHAPTER:** 44

**NJSA:** 52:14-17.46.13 TO 52:14-17.46.16 et al. (Requires SEHBP and eligible employers that do not participate in the SEHBP to provide certain plans for public education employees and certain public education retirees.)

**BILL NO:** S2273                      (Substituted for A20)

**SPONSOR(S)** Stephen M. Sweeney and others

**DATE INTRODUCED:** 3/16/2020

**COMMITTEE:**                      **ASSEMBLY:** Appropriations

**SENATE:** ---

**AMENDED DURING PASSAGE:** Yes

**DATE OF PASSAGE:**                      **ASSEMBLY:** 6/29/2020

**SENATE:** 6/29/2020

**DATE OF APPROVAL:** 7/1/2020

**FOLLOWING ARE ATTACHED IF AVAILABLE:**

**FINAL TEXT OF BILL** (First Reprint enacted) Yes

**S2273**

**INTRODUCED BILL (INCLUDES SPONSOR'S STATEMENT):** Yes

**COMMITTEE STATEMENT:**                      **ASSEMBLY:** Yes

**SENATE:** No

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at [www.njleg.state.nj.us](http://www.njleg.state.nj.us))

**FLOOR AMENDMENT STATEMENT:** No

**LEGISLATIVE FISCAL ESTIMATE:** No

**A20**

**INTRODUCED BILL (INCLUDES SPONSOR'S STATEMENT):** Yes

**COMMITTEE STATEMENT:**                      **ASSEMBLY:** Yes

**SENATE:** No

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, **may possibly** be found at [www.njleg.state.nj.us](http://www.njleg.state.nj.us))

**FLOOR AMENDMENT STATEMENT:** No

**LEGISLATIVE FISCAL ESTIMATE:** No

**VETO MESSAGE:** No

**GOVERNOR'S PRESS RELEASE ON SIGNING:** Yes

**FOLLOWING WERE PRINTED:**

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext.103 or <mailto:refdesk@njstatelib.org>

**REPORTS:** No

**HEARINGS:** No

**NEWSPAPER ARTICLES:** Yes

"Gov. signs bill overhauling teacher benefits," The Star-Ledger, July 2, 2020

"Murphy signs teacher health care overhaul backers," NJBIZ, July 1, 2020

"N.J. educators get relief for health contributions," The Press of Atlantic City, July 2, 2020

"Murphy signs bill overhauling NJ teacher health," The Jersey Journal, July 2, 2020

"Public teachers will be offered less expensive," Burlington County Times, July 3, 2020

"New law could save teachers, districts \$1B in health care costs," The Times, July 2, 2020

"Murphy signs bill overhauling NJ teacher health," Associated Press State Wire: New Jersey, July 1, 2020

Rwh/cl

§§1-4 -  
C.52:14-17.46.13  
to 52:14-17.46.16  
§§5-6 -  
C.18A:16-13.2 &  
18A:16-13.3

P.L. 2020, CHAPTER 44, *approved July 1, 2020*  
Senate, No. 2273 (*First Reprint*)

1 AN ACT concerning the health care benefits plans provided by the  
2 School Employees' Health Benefits Program and eligible  
3 employers that do not participate in the program, and  
4 supplementing P.L.2007, c.103 (C.52:14-17.46.1 et seq.) and  
5 P.L.1979, c.391 (C.18A:16-12 et seq.).  
6

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

10 1. This section shall apply to the School Employees' Health  
11 Benefits Program (SEHBP) and to those employers defined  
12 pursuant to section 32 of P.L.2007, c.103 (C.52:14-17.46.2) that  
13 participate in the program.

14 a. <sup>1</sup>**[**Notwithstanding the provisions of any other law, rule, or  
15 regulation to the contrary, each plan year for the School Employees'  
16 Health Benefits Program shall commence on each July 1 and end on  
17 June 30 of the following year, commencing on July 1, 2020 and on  
18 each July 1 thereafter.

19 b. <sup>1</sup>**]** (1) Notwithstanding the provisions of any other law, rule,  
20 or regulation to the contrary, beginning with the plan year that  
21 commences <sup>1</sup>**[**July 1, 2020**]** January 1, 2021<sup>1</sup> and for each plan year  
22 thereafter, the School Employees' Health Benefits Program shall  
23 offer only three plans that provide medical and prescription drug  
24 benefits for employees, and retirees who are not Medicare-eligible,  
25 and their dependents if any. All other plans offered prior to <sup>1</sup>**[**July  
26 1, 2020**]** January 1, 2021<sup>1</sup> for employees, and retirees who are not  
27 Medicare-eligible, and their dependents if any, shall be terminated.

28 The three plans shall be the New Jersey Educators Health Plan as  
29 developed by the School Employees' Health Benefits Plan Design  
30 Committee in accordance with subsection <sup>1</sup>**[**g.**]** f.<sup>1</sup> of this section  
31 <sup>1</sup>which sets forth the plan design of the New Jersey Educators  
32 Health Plan<sup>1</sup>; the SEHBP NJ Direct 10 plan as adopted and  
33 implemented by the School Employees' Health Benefits  
34 Commission for the plan year that began January 1, 2020; and the  
35 SEHBP NJ Direct 15 plan as adopted and implemented by 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.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Assembly AAP committee amendments adopted June 25, 2020.

1 School Employees' Health Benefits Commission for the plan year  
2 that began January 1, 2020.

3 <sup>1</sup>Employers that participate in the School Employees' Health  
4 Benefits Program shall retain the ability to enter the program for  
5 medical only plans and may separately purchase pharmacy and  
6 dental benefits outside of the program without limitation or  
7 restriction.<sup>1</sup>

8 (2) Only the plans set forth in this section shall be offered by the  
9 program regardless of any collective negotiations agreement  
10 between a participating employer and its employees in effect on the  
11 effective date of this act, P.L. , c. (pending before the  
12 Legislature as this bill), that provides for enrollment in other plans  
13 that were offered by the program prior to <sup>1</sup>**July 1, 2020** January 1,  
14 2021<sup>1</sup>.

15 <sup>1</sup>**(3)** The School Employees' Health Benefits Commission may  
16 delay the date of implementation of plan offerings, plan  
17 terminations, and enrollments as set forth in this section until a date  
18 after July 1, 2020, but not later than August 1, 2020, if the  
19 commission deems the delay to be necessary. The commission may  
20 delay implementation until a date, as soon as possible, after July 1,  
21 2020 by which date the commission determines that implementation  
22 will be practicable. The commission shall state in writing the  
23 reasons for the delay. Under no circumstances shall implementation  
24 occur later than August 1, 2020.

25 **c.] b.**<sup>1</sup> Prior to <sup>1</sup>**July 1, 2020** January 1, 2021<sup>1</sup>, the program,  
26 through the Division of Pensions and Benefits in the Department of  
27 the Treasury, shall provide for <sup>1</sup>**[a special]** an<sup>1</sup> enrollment period  
28 during which all employees who commenced employment prior to  
29 the effective date of this act<sup>1</sup> shall be required to select  
30 affirmatively one of the three plans specified in subsection <sup>1</sup>**[b.] a.**<sup>1</sup>  
31 of this section. If an employee fails to select affirmatively a plan  
32 during this <sup>1</sup>**[special]**<sup>1</sup> enrollment period, the program shall enroll  
33 the employee, and the employee's dependents if any, in the New  
34 Jersey Educators Health Plan for the plan year beginning <sup>1</sup>**July 1,**  
35 **2020 and ending June 30, 2021** January 1, 2021 and ending  
36 December 31, 2021<sup>1</sup>.

37 During the <sup>1</sup>**[special]**<sup>1</sup> enrollment period, any person who is  
38 enrolled in a plan offered by the program and who is paying the full  
39 cost of health care benefits coverage shall also be required to select  
40 affirmatively one of the three plans specified in subsection <sup>1</sup>**[b.] a.**<sup>1</sup>  
41 of this section. If a person fails to select affirmatively a plan during  
42 this <sup>1</sup>**[special]**<sup>1</sup> enrollment period, the program shall enroll the  
43 person, and the person's dependents if any, in the New Jersey  
44 Educators Health Plan for the plan year beginning <sup>1</sup>**July 1, 2020**  
45 **and ending June 30, 2021** January 1, 2021 and ending December  
46 31, 2021<sup>1</sup>. Any such person shall continue to pay the full cost of

1 coverage and shall not be subject to the contribution schedule or  
2 any mandatory enrollment period as set forth in this section and  
3 section 2 of this act.

4 <sup>1</sup>~~['d.] c.~~ (1) <sup>1</sup>~~['An]~~ Beginning on January 1, 2021, an<sup>1</sup>  
5 employee commencing employment on or after <sup>1</sup>~~['July 1, 2020]~~ the  
6 effective date of this act<sup>1</sup> but before <sup>1</sup>~~['July 1, 2027]~~ January 1,  
7 2028<sup>1</sup> who does not waive coverage shall be enrolled by the  
8 program, with the employee's dependents if any, in the New Jersey  
9 Educators Health Plan <sup>1</sup>, or the Garden State Health Plan if selected  
10 by the employee<sup>1</sup>. The employee shall remain enrolled in <sup>1</sup>~~['that~~  
11 ~~plan]~~ either the New Jersey Educators Health Plan or the Garden  
12 State Health Plan selected by the employee at the annual open  
13 enrollment<sup>1</sup> for each plan year through the plan year that ends  
14 <sup>1</sup>~~['June 30, 2027]~~ December 31, 2027, provided that the employee  
15 during this period may waive coverage as an employee and select  
16 and change the type of coverage received under the plan following a  
17 qualifying life event, in accordance with the program regulations<sup>1</sup>.  
18 For the plan year beginning <sup>1</sup>~~['July 1, 2027]~~ January 1, 2028<sup>1</sup>, the  
19 employee may select, during any open enrollment period or at such  
20 other times or under such conditions as the program may provide,  
21 any plan offered by the program.

22 (2) For the plan year beginning <sup>1</sup>~~['July 1, 2020]~~ January 1,  
23 2021<sup>1</sup>, the program shall enroll a retiree who is not Medicare-  
24 eligible, and the retiree's dependents if any, in the New Jersey  
25 Educators Health Plan for health care benefits coverage as a retiree,  
26 if the retiree does not waive coverage. The retiree shall remain  
27 enrolled in that plan for each plan year through the plan year that  
28 ends <sup>1</sup>~~['June 30, 2027]~~ December 31, 2027<sup>1</sup> or until the retiree  
29 becomes eligible for Medicare, whichever comes first. The retiree  
30 who becomes eligible for Medicare shall no longer be eligible for  
31 enrollment in the New Jersey Educators Health Plan<sup>1</sup>, except that  
32 any dependent of the retiree who is not eligible for Medicare may  
33 remain eligible for coverage under the New Jersey Educators Health  
34 Plan<sup>1</sup>. For the plan year beginning <sup>1</sup>~~['July 1, 2027]~~ January 1,  
35 2028<sup>1</sup>, that retiree who is not Medicare-eligible may select, during  
36 any open enrollment period or at such other times or under such  
37 conditions as the program may provide, any plan offered by the  
38 program.

39 (3) Except as otherwise provided in this subsection or  
40 subsection <sup>1</sup>~~['c.] b.~~ of this section, selection of a plan shall be at  
41 the sole discretion of the employee or retiree who is not Medicare-  
42 eligible.

43 <sup>1</sup>~~['e.] d.~~ Beginning <sup>1</sup>~~['with the plan year that commences]~~<sup>1</sup>  
44 July 1, 2021 and for each plan year thereafter, the program shall  
45 offer a fourth plan to be called the Garden State Health Plan. The  
46 plan shall be developed by the School Employees' Health Benefits

1 Plan Design Committee. If the committee does not adopt a design  
 2 for the Garden State Health Plan by December 31, 2020, the  
 3 Division of Pensions and Benefits in the Department of the  
 4 Treasury shall develop the Garden State Health Plan.

5 The Garden State Health Plan shall provide medical and  
 6 prescription drug benefits that are equivalent to the level of medical  
 7 and prescription drug benefits provided by the New Jersey  
 8 Educators Health Plan, except that the benefits under the Garden  
 9 State Health Plan shall be available only from providers located in  
 10 the State of New Jersey.

11 Access to a service provider that is located outside of the State  
 12 shall be available only under such terms, conditions, restrictions,  
 13 and limitations as the plan design committee or the division, as  
 14 appropriate, shall provide in the plan governing documents.

15 Employers that participate in the School Employees' Health  
 16 Benefits Program shall retain the ability to enter the program for  
 17 medical only plans and may separately purchase pharmacy and  
 18 dental benefits outside of the program without limitation or  
 19 restriction.

20 [f.] e. The [level of benefits in] plan design of the New  
 21 Jersey Educators Health Plan, the Garden State Health Plan, the NJ  
 22 Direct 10 plan, and the NJ Direct 15 plan as those [plans] plan  
 23 designs are specified in subsection [b., e., and g.] a., d., and f. of  
 24 this section shall remain unchanged until [June 30, 2027]  
 25 December 31, 2027. No change in the [level of benefits in] plan  
 26 design of those plans shall be made before that date unless such a  
 27 change in plan design is required by federal or State law to  
 28 governmental health care benefits plans or to both governmental  
 29 and non-governmental health care benefits plans.

30 For the plan year that commences [July 1, 2027] January 1,  
 31 2028 and for each plan year thereafter, the [level of benefits in]  
 32 plan design of the New Jersey Educators Health Plan, the Garden  
 33 State Health Plan, the NJ Direct 10 plan, and the NJ Direct 15 plan  
 34 as those [plans] plan designs are specified in subsection [b., e.,  
 35 and g.] a., d., and f. of this section may be modified by the School  
 36 Employees' Health Benefits Plan Design Committee.

37 Modifications to plan design of the plans set forth in this section  
 38 made by the School Employees' Health Benefits Plan Design  
 39 Committee or the State Treasurer pursuant to section 7 of this act  
 40 shall be implemented by the program for the purposes of this  
 41 section commencing January 1, 2024.

42 [g.] f. The [benefits in] plan design of the New Jersey  
 43 Educators Health Plan shall [include] be the following:

44

In Network Benefits

Coverage

**S2273 [1R]**

5

Member Coinsurance: 10%, Applies Only to  
Emergency Transportation  
Care and Durable Medical  
Equipment

Deductible: N/A

Out-of-Pocket Maximum: \$500 Single/ \$1,000 Family  
(covers all 'in network'<sup>1</sup>  
copayments, coinsurance,  
and deductible)

Emergency Room Copayment: \$125 (To be Waived if  
Admitted)

PCP Office Visit Copayment: \$10

Specialist Office Visit Copayment \$15

Out-of-Network Benefits Coverage

Member Coinsurance: 30% of the Out-of-Network  
Fee Schedule

Deductible: \$350 / \$700

Out-of-Pocket Maximum: \$2,000 Single / \$5,000  
Family

Routine Lab: Paid at Out-of-Network  
Benefit Level

Out-of-Network Fee Schedule: 200% of CMS - Medicare

Pharmacy

Out-of-Pocket Maximum: \$1,600 Single / \$3,200  
Family (Indexed Annually  
Pursuant to Federal Law)

Generic Copayment: \$5 Retail 30 Day Supply /  
\$10 Mail 90 Day Supply

Brand Copayment: \$10 Retail 30 Day Supply/  
\$20 Mail 90 Day Supply

Mandatory Generic: Member Pays Difference in  
Cost Between Generic and

Brand, Plus Brand  
 Copayment  
 Formulary: <sup>1</sup> **["PBM's"]** Closed  
 Formulary <sup>1</sup> as contracted  
 with the Pharmacy Benefit  
 Manager and the School  
 Employees' Health Benefits  
 Commission<sup>1</sup>

Other

Chiropractic, Physical Therapy, Subject to <sup>1</sup> the same<sup>1</sup> Out-of-  
 and Acupuncture: Network Limits as for the  
 State Health Benefits  
 Program <sup>1</sup> as were in effect on  
 June 1, 2020<sup>1</sup> to take effect  
 as of <sup>1</sup> **["April"] July**<sup>1</sup> 1, 2020,  
 or as soon thereafter as  
 reasonably practicable.

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Under a patient centered medical home model, there shall be no  
 office visit copay for primary care for participants who select and  
<sup>1</sup> **["lock into"]** commit to<sup>1</sup> a patient centered medical home for  
 primary care <sup>1</sup> in accordance with plan rules and regulations<sup>1</sup>.

<sup>1</sup> **["h.] g.**<sup>1</sup> Any plan offered by the School Employees' Health  
 Benefits Program shall require that chiropractic, physical therapy,  
 and acupuncture benefits shall be subject to the same out-of-  
 network limits as for the State Health Benefits Program that <sup>1</sup> **["are"]**  
<sup>1</sup> were in effect on June 1, 2020<sup>1</sup> to take effect as of <sup>1</sup> **["April"] July**<sup>1</sup> 1,  
 2020 or as soon thereafter as reasonably practicable.

2. a. Each employee, and retiree who is not Medicare-eligible  
 and who is required by another provision of law to contribute in  
 retirement toward the cost of health care benefits coverage under  
 the program, shall contribute annually toward the cost of health care  
 benefits coverage for the employee and retiree, and dependents if  
 any, under the New Jersey Educators Health Plan offered by the  
 School Employees' Health Benefits Program an amount equal to a  
 percentage of the employee's annual base salary or retiree's annual  
 retirement allowance<sup>1</sup>, including any cost of living adjustments to  
 that allowance<sup>1</sup>. The contribution shall be withheld by the  
 employer from the salary of the employee or by the retirement

23  
24



1 system from the retirement allowance<sup>1</sup>, including any cost of living  
2 adjustments to that allowance,<sup>1</sup> of the retiree who is not Medicare-  
3 eligible. The percent to be contributed shall be as follows <sup>1</sup>with the  
4 retirement allowance including any cost of living adjustments to  
5 that allowance<sup>1</sup>:

6  
7 For Base Salary or Retirement Allowance of \$40,000 or Less: 1.7%  
8 for Single Coverage; 2.2% for Parent and Child(ren) Coverage;  
9 2.8% for Employee and Spouse Coverage; and 3.3% for Family  
10 Coverage

11  
12 For Base Salary or Retirement Allowance of more than \$40,000 to  
13 \$50,000: 1.9% for Single Coverage; 2.5% for Parent and Child(ren)  
14 Coverage; 3.3% for Employee and Spouse Coverage; and 3.9% for  
15 Family Coverage

16  
17 For Base Salary or Retirement Allowance of more than \$50,000 to  
18 \$60,000: 2.2% for Single Coverage; 2.8% for Parent and Child(ren)  
19 Coverage; 3.9% for Employee and Spouse Coverage; and 4.4% for  
20 Family Coverage

21  
22 For Base Salary or Retirement Allowance of more than \$60,000 to  
23 \$70,000: 2.5% for Single Coverage; 3% for Parent and Child(ren)  
24 Coverage; 4.4% for Employee and Spouse Coverage; and 5% for  
25 Family Coverage

26  
27 For Base Salary or Retirement Allowance of more than \$70,000 to  
28 \$80,000: 2.8% for Single Coverage; 3.3% for Parent and Child(ren)  
29 Coverage; 5% for Employee and Spouse Coverage; and 5.5% for  
30 Family Coverage

31  
32 For Base Salary or Retirement Allowance of more than \$80,000 to  
33 \$90,000: 3% for Single Coverage; 3.6% for Parent and Child(ren)  
34 Coverage; 5.5% for Employee and Spouse Coverage; and 6% for  
35 Family Coverage

36  
37 For Base Salary or Retirement Allowance of more than \$90,000 to  
38 \$100,000: 3.3% for Single Coverage; 3.9% for Parent and  
39 Child(ren) Coverage; 6% for Employee and Spouse Coverage; and  
40 6.6% for Family Coverage

41  
42 For Base Salary or Retirement Allowance of more than \$100,000 to  
43 \$125,000: 3.6% for Single Coverage; 4.4% for Parent and  
44 Child(ren) Coverage; 6.6% for Employee and Spouse Coverage;  
45 and 7.2% for Family Coverage

1       When the base salary or retirement allowance is more than  
2 \$125,000, the percent to be contributed shall be the same as for a  
3 base salary or retirement allowance of \$125,000.

4  
5       b. Each employee, and retiree who is not Medicare-eligible and  
6 who is required by another provision of law to contribute in  
7 retirement toward the cost of health care benefits coverage under  
8 the program, shall contribute annually toward the cost of health care  
9 benefits coverage for the employee and retiree, and dependents if  
10 any, under the Garden State Health Plan offered by the School  
11 Employees' Health Benefits Program an amount equal to a  
12 percentage of the employee's annual salary or retiree's annual  
13 retirement allowance<sup>1</sup>, including any cost of living adjustments to  
14 that allowance<sup>1</sup>. The contribution shall be withheld by the  
15 employer from the salary of the employee or by the retirement  
16 system from the retirement allowance<sup>1</sup>, including any cost of living  
17 adjustments to that allowance,<sup>1</sup> of the retiree who is not Medicare-  
18 eligible. The percent to be contributed shall be one-half of the  
19 percentage set forth in subsection a. of this section for the salary or  
20 retirement allowance range and type of coverage, except that the  
21 contribution specified in this subsection shall not be less than the  
22 minimum annual contribution for health care benefits coverage of  
23 1.5% of salary or retirement allowance<sup>1</sup>, including any cost of  
24 living adjustments to that allowance,<sup>1</sup> as required by law.

25       c. (1) An employee enrolled in the New Jersey Educators  
26 Health Plan or the Garden State Health Plan shall be required to pay  
27 only the contribution specified in subsection a. or b. of this section,  
28 notwithstanding any other provision of law, rule, or regulation to  
29 the contrary requiring contributions by employees toward the cost  
30 of health care benefits coverage under the program, except as  
31 provided in subsection b. of this section. No other contribution may  
32 be required by collective negotiations agreement, except as set forth  
33 in subsection h. of this section.

34       (2) Only those retirees who are not Medicare-eligible and who  
35 are required by another provision of law to contribute in retirement  
36 toward the cost of health care coverage under the program shall be  
37 required to pay the contribution specified in subsection a. or b. of  
38 this section for coverage under the New Jersey Educators Health  
39 Plan or the Garden State Health Plan.

40       A retiree who is not Medicare-eligible, who is enrolled in the  
41 New Jersey Educators Health Plan or the Garden State Health Plan,  
42 and who is required by another provision of law to contribute in  
43 retirement toward the cost of health care coverage under the  
44 program shall be required to pay only the contribution specified in  
45 subsection a. or b. of this section, notwithstanding the provisions of  
46 section 77 of P.L.2011, c.78 (C.52:14-17.28e), section 3 of  
47 P.L.1987, c.384 (C.52:14-17.32f), section 2 of P.L.1992, c.126

1 (C.52:14-17.32f1), or section 1 of P.L.1995, c.357 (C.52:14-  
2 17.32f2) to the contrary requiring contributions by retirees toward  
3 the cost of health care benefits coverage under the program, except  
4 as provided in subsection b. of this section.

5 d. Employees who are not enrolled in the New Jersey  
6 Educators Health Plan or the Garden State Health Plan shall  
7 continue, after the effective date of this act, P.L. , c. (pending  
8 before the Legislature as this bill), to contribute to health care  
9 benefits coverage and those contributions shall be determined in  
10 accordance with what is permitted or required by provisions of law.

11 An employee who is enrolled in a plan other than the New Jersey  
12 Educators Health Plan or the Garden State Health Plan shall be  
13 required to contribute toward the cost of health care benefits  
14 coverage under the program (a) in accordance with a collective  
15 negotiations agreement applicable to that employee as negotiated  
16 prior to or after the effective date of this act, P.L. , c. (pending  
17 before the Legislature as this bill), pursuant to the requirements that  
18 were set forth in law on the day next preceding that effective date;  
19 (b) as may be required at the discretion of the employer; or (c) as  
20 required by a provision of law, whichever is applicable to that  
21 employee.

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

39 e. For an employee, the annual base salary paid by the  
40 employer for the position held by the employee shall be used to  
41 identify the percentage to be used to calculate the annual  
42 contribution required under subsections a. and b. of section 2 of this  
43 act. For a retiree who is not Medicare-eligible, the annual  
44 retirement allowance<sup>1</sup>, including any cost of living adjustments to  
45 that allowance.<sup>1</sup> received by the retiree shall be used to identify the  
46 percentage to be used to calculate the annual contribution required  
47 under subsections a. and b. of section 2 of this act.

1 f. The annual contribution by an employee or a retiree who is  
2 not Medicare-eligible as calculated in accordance with subsection a.  
3 or b. of this section shall not exceed the amount as calculated in  
4 accordance with section 4 of this act, P.L. , c. (C. )(pending  
5 before the Legislature as this bill).

6 g. The contributions required by this section shall apply to  
7 employees for whom the employer has assumed a health care  
8 benefits payment obligation, to require that such employees pay the  
9 amount of contribution specified in this section for health care  
10 benefits coverage. The contributions required by this section shall  
11 apply to retirees for whom the State has assumed a health care  
12 benefits payment obligation but who are required by law to  
13 contribute toward the cost of health care benefits coverage under  
14 the program, to require that such retirees pay the amount of  
15 contribution specified in this section for health care benefits  
16 coverage.

17 h. For the plan year that commences on <sup>1</sup>**[July 1, 2027]**  
18 January 1, 2028<sup>1</sup> and for each plan year thereafter, the contributions  
19 required pursuant to subsections a. and b. of this section for  
20 employees enrolled in the New Jersey Educators Health Plan or the  
21 Garden State Health Plan may be modified through collective  
22 negotiations agreements entered into between the employers who  
23 participate in the School Employees' Health Benefits Program and  
24 their employees. The contributions required pursuant to subsections  
25 a. and b. of this section shall become part of the parties' collective  
26 negotiations and shall then be subject to collective negotiations in a  
27 manner similar to other negotiable items between the parties.  
28 Negotiations concerning contributions for health care benefits shall  
29 be conducted as if the contributions required pursuant to  
30 subsections a. and b. of this section were included in the prior  
31 contract. The contribution scheme of percentage of base salary set  
32 forth in those subsections may be modified or a new contribution  
33 scheme or method other than a percentage of salary may be  
34 provided for in accordance with a collective negotiations  
35 agreement.

36 <sup>1</sup>i. Modifications to the contribution rates set forth in this  
37 section made by the School Employees' Health Benefits Plan  
38 Design Committee or the State Treasurer pursuant to section 7 of  
39 this act shall be implemented by the program for the purposes of  
40 this section commencing January 1, 2024.<sup>1</sup>

41  
42 3. a. The School Employees' Health Benefits Commission  
43 shall prepare, in coordination with the Division of Pensions and  
44 Benefits in the Department of the Treasury, a guidance tool to  
45 provide employees and retirees who <sup>1</sup>**[is] are<sup>1</sup>** not Medicare-  
46 eligible with confidential consultations online with regard to the  
47 employee's or retiree's decision to select a plan during a period of

1 open enrollment or at other times. The guidance tool shall operate  
2 using information supplied by the employee or retiree as answers to  
3 questions concerning the health care needs of the employee or  
4 retiree, and the employee's or retiree's dependents if any.

5 b. ~~1~~ **1** ~~【The School Employees' Health Benefits Plan Design~~  
6 ~~Committee shall develop a】~~ A<sup>1</sup> comprehensive health and wellness  
7 plan intended to provide biometric screening services, chronic  
8 condition coaching services, and smoking cessation services <sup>1</sup>shall  
9 be available to all members of the School Employees' Health  
10 Benefits Program, including all members of the New Jersey  
11 Educators Health Plan and the Garden State Health Plan<sup>1</sup>.

12 The School Employees' Health Benefits Commission shall  
13 provide, through a contract, for the services of wellness related  
14 providers for employees and retirees, and their dependents if any,  
15 enrolled in the program. The contract awarded by the commission  
16 shall <sup>1</sup>~~1~~ **1** ~~【provide access to those services for】~~ be offered to<sup>1</sup>  
17 employers, as defined in section 32 of P.L.2007, c.103 (C.52:14-  
18 17.46.2), who do not participate in the program so that their  
19 employees may have access to the same services and under same  
20 terms, conditions, and costs as the employees of employers who do  
21 participate.

22 The School Employees' Health Benefits Program shall promote,  
23 on an on-going basis, the expansion of the use of patient centered  
24 medical homes.

25 The School Employees' Health Benefits Plan Design Committee  
26 shall seek also to adopt, on an on-going basis, efforts and measures  
27 to support expanded population health arrangements that manage  
28 costs and prevent inappropriate utilization.

29 c. All provisions of law regarding the School Employees'  
30 Health Benefits Program shall remain applicable to the extent not  
31 inconsistent with, and shall not be interpreted in a manner that  
32 creates a direct impediment to the implementation of, this section  
33 and sections 1, 2, and 4 of this act, P.L. , c. (C. )(pending  
34 before the Legislature as this bill).

35  
36 4. For employees and retirees who are not Medicare-eligible  
37 who are required to make a contribution pursuant to subsection a. or  
38 b. of section 2, or subsection d. of section 5, of this act, P.L. ,  
39 c. (C. )(pending before the Legislature as this bill), due to  
40 enrollment in the New Jersey Educators Health Plan or the Garden  
41 State Health Plan, or the equivalent plan, as appropriate, a  
42 calculation shall be made in accordance with this section. The  
43 employee or retiree shall be required to contribute the lesser of: the  
44 amount calculated for that employee or retiree in accordance with  
45 subsection a. or b. of section 2, or in accordance subsection d. of  
46 section 5, of this act, as appropriate; or the amount calculated for  
47 that employee or retiree in accordance with this section.

- 1 for family coverage or its equivalent -
- 2 an employee or retiree who earns less than \$25,000 shall pay 3
- 3 percent of the cost of coverage;
- 4 an employee or retiree who earns \$25,000 or more but less than
- 5 \$30,000 shall pay 4 percent of the cost of coverage;
- 6 an employee or retiree who earns \$30,000 or more but less than
- 7 \$35,000 shall pay 5 percent of the cost of coverage;
- 8 an employee or retiree who earns \$35,000 or more but less than
- 9 \$40,000 shall pay 6 percent of the cost of coverage;
- 10 an employee or retiree who earns \$40,000 or more but less than
- 11 \$45,000 shall pay 7 percent of the cost of coverage;
- 12 an employee or retiree who earns \$45,000 or more but less than
- 13 \$50,000 shall pay 9 percent of the cost of coverage;
- 14 an employee or retiree who earns \$50,000 or more but less than
- 15 \$55,000 shall pay 12 percent of the cost of coverage;
- 16 an employee or retiree who earns \$55,000 or more but less than
- 17 \$60,000 shall pay 14 percent of the cost of coverage;
- 18 an employee or retiree who earns \$60,000 or more but less than
- 19 \$65,000 shall pay 17 percent of the cost of coverage;
- 20 an employee or retiree who earns \$65,000 or more but less than
- 21 \$70,000 shall pay 19 percent of the cost of coverage;
- 22 an employee or retiree who earns \$70,000 or more but less than
- 23 \$75,000 shall pay 22 percent of the cost of coverage;
- 24 an employee or retiree who earns \$75,000 or more but less than
- 25 \$80,000 shall pay 23 percent of the cost of coverage;
- 26 an employee or retiree who earns \$80,000 or more but less than
- 27 \$85,000 shall pay 24 percent of the cost of coverage;
- 28 an employee or retiree who earns \$85,000 or more but less than
- 29 \$90,000 shall pay 26 percent of the cost of coverage;
- 30 an employee or retiree who earns \$90,000 or more but less than
- 31 \$95,000 shall pay 28 percent of the cost of coverage;
- 32 an employee or retiree who earns \$95,000 or more but less than
- 33 \$100,000 shall pay 29 percent of the cost of coverage;
- 34 an employee or retiree who earns \$100,000 or more but less than
- 35 \$110,000 shall pay 32 percent of the cost of coverage;
- 36 an employee or retiree who earns \$110,000 or more shall pay 35
- 37 percent of the cost of coverage
- 38
- 39 for individual coverage or its equivalentent -
- 40 an employee or retiree who earns less than \$20,000 shall pay 4.5
- 41 percent of the cost of coverage;
- 42 an employee or retiree who earns \$20,000 or more but less than
- 43 \$25,000 shall pay 5.5 percent of the cost of coverage;
- 44 an employee or retiree who earns \$25,000 or more but less than
- 45 \$30,000 shall pay 7.5 percent of the cost of coverage;
- 46 an employee or retiree who earns \$30,000 or more but less than
- 47 \$35,000 shall pay 10 percent of the cost of coverage;

1 an employee or retiree who earns \$35,000 or more but less than  
2 \$40,000 shall pay 11 percent of the cost of coverage;  
3 an employee or retiree who earns \$40,000 or more but less than  
4 \$45,000 shall pay 12 percent of the cost of coverage;  
5 an employee or retiree who earns \$45,000 or more but less than  
6 \$50,000 shall pay 14 percent of the cost of coverage;  
7 an employee or retiree who earns \$50,000 or more but less than  
8 \$55,000 shall pay 20 percent of the cost of coverage;  
9 an employee or retiree who earns \$55,000 or more but less than  
10 \$60,000 shall pay 23 percent of the cost of coverage;  
11 an employee or retiree who earns \$60,000 or more but less than  
12 \$65,000 shall pay 27 percent of the cost of coverage;  
13 an employee or retiree who earns \$65,000 or more but less than  
14 \$70,000 shall pay 29 percent of the cost of coverage;  
15 an employee or retiree who earns \$70,000 or more but less than  
16 \$75,000 shall pay 32 percent of the cost of coverage;  
17 an employee or retiree who earns \$75,000 or more but less than  
18 \$80,000 shall pay 33 percent of the cost of coverage;  
19 an employee or retiree who earns \$80,000 or more but less than  
20 \$95,000 shall pay 34 percent of the cost of coverage;  
21 an employee or retiree who earns \$95,000 or more shall pay 35  
22 percent of the cost of coverage;  
23  
24 for member with child or spouse coverage or its equivalent -  
25 an employee or retiree who earns less than \$25,000 shall pay 3.5  
26 percent of the cost of coverage;  
27 an employee or retiree who earns \$25,000 or more but less than  
28 \$30,000 shall pay 4.5 percent of the cost of coverage;  
29 an employee or retiree who earns \$30,000 or more but less than  
30 \$35,000 shall pay 6 percent of the cost of coverage;  
31 an employee or retiree who earns \$35,000 or more but less than  
32 \$40,000 shall pay 7 percent of the cost of coverage;  
33 an employee or retiree who earns \$40,000 or more but less than  
34 \$45,000 shall pay 8 percent of the cost of coverage;  
35 an employee or retiree who earns \$45,000 or more but less than  
36 \$50,000 shall pay 10 percent of the cost of coverage;  
37 an employee or retiree who earns \$50,000 or more but less than  
38 \$55,000 shall pay 15 percent of the cost of coverage;  
39 an employee or retiree who earns \$55,000 or more but less than  
40 \$60,000 shall pay 17 percent of the cost of coverage;  
41 an employee or retiree who earns \$60,000 or more but less than  
42 \$65,000 shall pay 21 percent of the cost of coverage;  
43 an employee or retiree who earns \$65,000 or more but less than  
44 \$70,000 shall pay 23 percent of the cost of coverage;  
45 an employee or retiree who earns \$70,000 or more but less than  
46 \$75,000 shall pay 26 percent of the cost of coverage;  
47 an employee or retiree who earns \$75,000 or more but less than  
48 \$80,000 shall pay 27 percent of the cost of coverage;

1 an employee or retiree who earns \$80,000 or more but less than  
2 \$85,000 shall pay 28 percent of the cost of coverage;

3 an employee or retiree who earns \$85,000 or more but less than  
4 \$100,000 shall pay 30 percent of the cost of coverage.

5 an employee or retiree who earns \$100,000 or more shall pay 35  
6 percent of the cost of coverage.

7

8 The annual base salary of an employee shall be used to  
9 determine what the employee earns for the purpose of determining  
10 the percent of the cost of coverage. The annual retirement  
11 allowance<sup>1</sup>, including any cost of living adjustments to that  
12 allowance,<sup>1</sup> of a retiree who is not Medicare-eligible shall be used  
13 to determine what the retiree earns for the purpose of determining  
14 the percent of the cost of coverage.

15 As used in this section, "cost of coverage" means the premium or  
16 periodic charges for medical and prescription drug plan coverage,  
17 but not for dental, vision, or other health care, provided: (1) under  
18 the New Jersey Educators Health Plan or the Garden State Health  
19 Plan offered by the School Employees' Health Benefits Program  
20 pursuant to section 1 of P.L. , c. (C. )(pending before the  
21 Legislature as this bill); or (2) under the equivalent New Jersey  
22 Educators Health Plan or the equivalent Garden State Health Plan  
23 offered by an employer pursuant to section 5 of  
24 P.L. c. (C. (pending before the Legislature as this bill)  
25 when that employer is not a participant in the School Employees'  
26 Health Benefits Program.

27

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

31 a. (1) Notwithstanding the provisions of any other law, rule, or  
32 regulation to the contrary, beginning <sup>1</sup>**[July 1, 2020]** January 1,  
33 2021<sup>1</sup> and for each plan year thereafter, a board of education as an  
34 employer providing health care benefits coverage for its employees,  
35 and their dependents if any, in accordance with P.L.1979, c.391  
36 (C.18A:16-12 et seq.) shall offer to its employees, and their  
37 dependents if any, the equivalent of the New Jersey Educators  
38 Health Plan in the School Employees' Health Benefits Program as  
39 that plan <sup>1</sup>design<sup>1</sup> is described in <sup>1</sup>subsection f. of<sup>1</sup> section 1 of  
40 P.L. , c. (C. )(pending before the Legislature as this bill).

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



1 (2) The plans under this section shall be offered by the employer  
2 regardless of any collective negotiations agreement between the  
3 employer and its employees in effect on the effective date of this  
4 act, P.L. , c. (pending before the Legislature as this bill), that  
5 provides for enrollment in other plans offered by the employer.

6 No new health care benefits plans, other than those specified in  
7 paragraph (1) of this subsection, shall be added by the employer  
8 from <sup>1</sup>~~July 1, 2020 through June 30, 2027~~ January 1, 2021  
9 through December 31, 2027<sup>1</sup> unless the provisions of any collective  
10 negotiations agreement entered into before or after the effective  
11 date of this act, P.L. , c. (pending before the Legislature as  
12 this bill), result in additional premium cost reductions. Nothing in  
13 this section shall prohibit an employer from offering health care  
14 benefits plans that existed prior to the effective date of this act.

15 (3) Commencing <sup>1</sup>~~July 1, 2027~~ January 1, 2028<sup>1</sup>, the  
16 employer may offer such other plans as may be required in  
17 accordance with any collective negotiations agreement between the  
18 employer and its employees.

19 <sup>1</sup>~~(4)~~ An employer may delay implementation of plan  
20 offerings and enrollments as set forth in this section until a date  
21 after July 1, 2020, but not later than August 1, 2020, if the employer  
22 deems the delay to be necessary. The employer may delay  
23 implementation until a date, as soon as possible, after July 1, 2020  
24 by which date the employer determines that implementation will be  
25 practicable. The employer shall state in writing the reasons for the  
26 delay and shall submit that statement to the School Employees'  
27 Health Benefits Commission. Under no circumstances shall  
28 implementation occur later than August 1, 2020.<sup>1</sup>

29 b. Prior to <sup>1</sup>~~July 1, 2020~~ January 1, 2021<sup>1</sup>, each employer  
30 shall provide <sup>1</sup>~~a special~~ an<sup>1</sup> enrollment period during which all  
31 employees <sup>1</sup>who commenced employment prior to the effective date  
32 of this act<sup>1</sup> shall be required to select affirmatively a plan provided  
33 by the employer. If an employee fails to select affirmatively a plan  
34 during this <sup>1</sup>~~special~~<sup>1</sup> enrollment period, the employer shall enroll  
35 the employee, and the employee's dependents if any, in the  
36 equivalent New Jersey Educators Health Plan <sup>1</sup>offered pursuant to  
37 subsection a. of this section<sup>1</sup> for the year <sup>1</sup>~~July 1, 2020 until June~~  
38 ~~30, 2021~~ January 1, 2021 until December 31, 2021<sup>1</sup>.

39 During the <sup>1</sup>~~special~~<sup>1</sup> enrollment period, each person who is  
40 enrolled in a plan offered by the employer and who is paying the  
41 full cost of coverage shall also be required to select affirmatively a  
42 plan provided by the employer. If a person fails to select  
43 affirmatively a plan during this <sup>1</sup>~~special~~<sup>1</sup> enrollment period, the  
44 employer shall enroll the person, and the person's dependents if  
45 any, in the equivalent New Jersey Educators Health Plan <sup>1</sup>offered  
46 pursuant to subsection a. of this section<sup>1</sup> for the year <sup>1</sup>~~July 1, 2020~~

1 until June 30, 2021] January 1, 2021 until December 31, 2021<sup>1</sup>.  
2 Any such person shall continue to pay the full cost of coverage and  
3 shall not be subject to the contribution schedule or any mandatory  
4 enrollment period as set forth in this section.

5 c. (1) <sup>1</sup>~~【An】~~ Beginning on January 1, 2021, an<sup>1</sup> employee  
6 commencing employment on or after <sup>1</sup>~~【July 1, 2020】~~ the effective  
7 date of this act<sup>1</sup> but before <sup>1</sup>~~【July 1, 2027】~~ January 1, 2028<sup>1</sup> who  
8 does not waive coverage, shall be enrolled by the employer in the  
9 equivalent New Jersey Educators Health Plan <sup>1</sup>, or the equivalent  
10 Garden State Health Plan if selected by the employee, as those  
11 plans are offered pursuant to subsection a. of this section<sup>1</sup>. The  
12 employee shall remain enrolled in <sup>1</sup>~~【that plan】~~ either the equivalent  
13 New Jersey Educators Health Plan or the equivalent Garden State  
14 Health Plan selected by the employee at the annual open  
15 enrollment<sup>1</sup> for each plan year until <sup>1</sup>~~【June 30, 2027】~~ December  
16 31, 2027, provided that the employee during this period may waive  
17 coverage as an employee and select and change the type of  
18 coverage received under the plan following a qualifying life event,  
19 in accordance with the plan regulations<sup>1</sup>. Beginning <sup>1</sup>~~【July 1,~~  
20 ~~2027】~~ January 1, 2028<sup>1</sup>, the employee may select, during any open  
21 enrollment period or at such other times or under such conditions as  
22 the employer may provide, any plan offered by the employer.

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

26 d. An employee shall contribute annually toward the cost of  
27 health care benefits coverage for the employee, and employee's  
28 dependents if any, the amount specified, in the manner specified, in  
29 subsection a. or b. of section 2 of this act, P.L. ,  
30 c. (C. )(pending before the Legislature as this bill) if the  
31 employee, and the employee's dependents if any, are enrolled in the  
32 equivalent New Jersey Educators Health Plan or the equivalent  
33 Garden State Health Plan <sup>1</sup>offered pursuant to subsection a. of this  
34 section<sup>1</sup>. An employee's contribution toward the cost of coverage  
35 under the equivalent Garden State Health Plan <sup>1</sup>offered pursuant to  
36 subsection a. of this section<sup>1</sup> shall be the amount required in  
37 subsection b. of section 2 of this act, except that the contribution  
38 specified in that subsection shall not be less than the minimum  
39 annual contribution for health care benefits coverage of 1.5% of  
40 salary as required by law.

41 e. (1) An employee enrolled in the equivalent New Jersey  
42 Educators Health Plan or the equivalent Garden State Health Plan  
43 <sup>1</sup>offered pursuant to subsection a. of this section<sup>1</sup> shall be required  
44 to pay only the contribution specified in subsections a. and b. of  
45 section 2 of this act, notwithstanding any other provision of law,  
46 rule, or regulation to the contrary requiring contributions by

1 employees toward the cost of health care benefits coverage  
2 provided by an employer, except as provided in subsection d. of this  
3 section. No other contribution may be required by collective  
4 negotiations agreement, except as set forth in subsection i. of this  
5 section.

6 (2) Employees who are not enrolled in the equivalent New  
7 Jersey Educators Health Plan or the equivalent Garden State Health  
8 Plan 'offered pursuant to subsection a. of this section' shall  
9 continue, after the effective date of this act, P.L. , c. (pending  
10 before the Legislature as this bill), to contribute to health care  
11 benefits coverage and those contributions shall be determined in  
12 accordance with what is permitted or required by provisions of law.

13 An employee who is enrolled in a plan other than the equivalent  
14 New Jersey Educators Health Plan or the equivalent Garden State  
15 Health Plan 'offered pursuant to subsection a. of this section' shall  
16 be required to contribute toward the cost of health care benefits  
17 coverage offered by the employer (a) in accordance with a  
18 collective negotiations agreement applicable to that employee as  
19 negotiated prior to or after the effective date of this act pursuant to  
20 the requirements that were set forth in law on the day next  
21 preceding that effective date; (b) as may be required at the  
22 discretion of the employer; or (c) as required by a provision of law,  
23 whichever is applicable to that employee.

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

44 (3) For an employee, the annual base salary paid by the  
45 employer for the position held by the employee shall be used to  
46 identify the percentage to be used to calculate the annual

1 contribution required under subsections a. and b. of section 2 of this  
2 act.

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

7 g. The contributions required by this section shall apply to  
8 employees for whom the employer has assumed a health care  
9 benefits payment obligation, to require that such employees pay the  
10 amount of contribution specified in this section for health care  
11 benefits coverage.

12 h. The level of benefits in the equivalent New Jersey Educators  
13 Health Plan and the equivalent Garden State Health Plan offered by  
14 the employer shall remain unchanged until <sup>1</sup>~~June 30, 2027~~  
15 December 31, 2027<sup>1</sup>. No change in the level of benefits in those  
16 plans shall be made before that date unless such a change is  
17 required by federal or State law to governmental health care  
18 benefits plans or to both governmental and non-governmental health  
19 care benefits plans.

20 Commencing <sup>1</sup>~~July 1, 2027~~ January 1, 2028<sup>1</sup> and for each plan  
21 year thereafter, the level of benefits in the equivalent New Jersey  
22 Educators Health Plan and the equivalent Garden State Health Plan  
23 offered by the employer may be modified by the employer in  
24 accordance with collective negotiations agreements entered into  
25 between the employers who do not participate in the School  
26 Employees' Health Benefits Program and their employees, or as  
27 otherwise permitted by law.

28 i. Commencing <sup>1</sup>~~July 1, 2027~~ January 1, 2028<sup>1</sup> and for each  
29 plan thereafter, the contributions required pursuant to subsections a.  
30 and b. of section 2 of this act for employees enrolled in the  
31 equivalent New Jersey Educators Health Plan or the equivalent  
32 Garden State Health Plan <sup>1</sup>offered pursuant to subsection a. of this  
33 section<sup>1</sup> may be modified in accordance with collective negotiations  
34 agreements <sup>1</sup>~~enter~~ entered<sup>1</sup> into between the employers who do  
35 not participate in the School Employees' Health Benefits Program  
36 and their employees. The contributions required pursuant to  
37 subsections a. and b. of section 2 of this act shall become part of the  
38 parties' collective negotiations and shall then be subject to  
39 collective negotiations in a manner similar to other negotiable items  
40 between the parties. Negotiations concerning contributions for  
41 health care benefits shall be conducted as if the contributions  
42 required pursuant to subsections a. and b. of section 2 of this act  
43 were included in the prior contract. The contribution scheme of the  
44 percentage of base salary set forth in those subsections may be  
45 modified or a new contribution scheme or method other than a  
46 percentage of salary may be provided for in accordance with a  
47 collective negotiations agreement.

1 j. <sup>1</sup>Modifications to plan design of the plans set forth in section  
2 1 of this act, P.L. , c. (C. )(pending before the Legislature as  
3 this bill), or adjustments to the employee contribution rates set forth  
4 in subsections a. and b. of section 2 of this act, made by the School  
5 Employees' Health Benefits Plan Design Committee or the State  
6 Treasurer pursuant to section 7 of this act shall be implemented for  
7 the purposes of this section by the employer commencing January  
8 1, 2024.

9 k.<sup>1</sup> This section shall also apply also when health care benefits  
10 coverage is provided though an insurance fund or joint insurance  
11 fund or any other manner. This section shall apply to any  
12 employer, as that term is defined in section 32 of P.L.2007, c.103  
13 (C.52:14-17.46.2), that is not a participating employer in the School  
14 Employees' Health Benefits Program.

15  
16 6. a. Actual savings realized by a school district as a result of  
17 the implementation of the provisions of P.L. ,  
18 c. (C. )(pending before the Legislature as this bill) shall be  
19 used solely and exclusively by the school district for the purpose of  
20 reducing the amount that is required to be raised by the local  
21 property tax levy by the school district for school district purposes,  
22 except when a school district is spending below adequacy as  
23 calculated in accordance with section 1 of P.L.2018, c.67  
24 (C.18A:7F-70).

25 When a cap on the annual increase in the property tax levy for a  
26 school district is imposed by law, the savings realized shall be  
27 deducted from the adjusted tax levy for the previous budget year  
28 and that reduced amount shall serve as the basis for calculating the  
29 adjusted tax levy for the next school year.

30 b. To enable tracking of health care cost savings by school  
31 districts, each school district shall submit an annual data sheet for  
32 both the current and prior year showing the Total Annual Cost of  
33 Health Benefits for Active Employees, the Total Employee Cost-  
34 Sharing Contribution, and the Net Cost to the School District for  
35 Health Benefits, including the Number of Covered Employees, the  
36 Annual Cost Estimate Per Employee, and the Total Cost for each  
37 coverage category – Single Coverage, Parent and Child, Employee  
38 and Spouse, and Family.

39 In addition, school districts shall provide separate breakouts of  
40 the same categories of data for health care coverage under all health  
41 care benefits plans offered by the employer. The datasheet shall also  
42 indicate whether the school district is enrolled in the School  
43 Employees' Health Benefits Program for <sup>1</sup>medical or<sup>1</sup> medical and  
44 prescription drug benefits coverage. Reports shall be due no later  
45 than 60 days following each enrollment period to the Department of  
46 Education, the Division of Pensions and Benefits in the Department  
47 of the Treasury, and the Legislature.

1       <sup>17</sup>. Within 30 calendar days after June 30, 2023, the State’s  
2 actuary for the School Employees’ Health Benefits Program shall  
3 issue an actuarial report validating a net annualized savings of at  
4 least \$300 million comparing plan year 2020, 2021, and 2022 that  
5 shall measure the implementation of the New Jersey Educators Plan  
6 and Garden State Health Plan, and the SEHBP NJ Direct 10 and the  
7 SEHBP NJ Direct 15 plans, provided by those school districts and  
8 county colleges both that participate and that do not participate in  
9 the School Employees’ Health Benefits Program, inclusive of pre-  
10 Medicare retirees paid for by the State and the value of early plan  
11 design changes implemented in Fiscal Year 2020.

12       In the event that the net annualized savings Statewide were less  
13 than \$300 million, the School Employees’ Health Benefits Plan  
14 Design Committee shall, within 60 days from the issuance of the  
15 actuary’s report, make plan design changes, or adjustments to  
16 employee contributions, or both, for the New Jersey Educators  
17 Health Plan, or the Garden State Health Plan, or both, or also plan  
18 design changes to the SEHBP NJ Direct 10 or SEHBP NJ Direct 15  
19 plans, or both, to make up the estimated shortfall over the  
20 remaining duration of the period covered by this act, P.L. \_\_\_\_\_,  
21 c. (C. \_\_\_\_\_)(pending before the Legislature as this bill), ending  
22 December 31, 2027.

23       In the event that the committee is unable to agree upon the  
24 needed plan design changes or adjustments to employee  
25 contributions, or both, within the 60-day period to achieve the \$300  
26 million in net annualized savings, the State Treasurer shall construct  
27 and implement, within 45 days, plan design changes or adjustments  
28 to employee contributions, or both, necessary to achieve the  
29 savings, as validated by the State’s actuary for the program, and  
30 implement such changes and adjustments.

31       In the event there is a shortfall, the committee or the State  
32 Treasurer shall have a resolution for any shortfall no later than  
33 October 1, 2023 for implementation for January 1, 2024.

34       No monies from the claims stabilization reserve fund or  
35 equivalent fund established or maintained for the School  
36 Employees’ Health Benefits Program to pay incurred claims that  
37 have not yet been settled, shall be used for the actuary’s  
38 calculations required by this section.<sup>1</sup>

39  
40       <sup>18</sup>. With regard to employers that have collective negotiation  
41 agreements in effect on the effective date of this act, P.L. \_\_\_\_\_,  
42 c. \_\_\_\_\_ (pending before the Legislature as this bill), that include  
43 health care benefits coverage available to employees when the net  
44 cost to the employer is lower than the cost to the employer would be  
45 compared to the New Jersey Educators Health Plan, the employer  
46 and the majority representative shall engage in collective  
47 negotiations over the financial impact of the difference.<sup>1</sup>

1       <sup>1</sup>**[7.] 9.** This act shall take effect immediately.

2

3

4

5

6       Requires SEHBP and eligible employers that do not participate  
7 in the SEHBP to provide certain plans for public education  
8 employees and certain public education retirees.

# SENATE, No. 2273

## STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED MARCH 16, 2020

**Sponsored by:**

**Senator STEPHEN M. SWEENEY**  
**District 3 (Cumberland, Gloucester and Salem)**  
**Senator JOSEPH P. CRYAN**  
**District 20 (Union)**  
**Senator LINDA R. GREENSTEIN**  
**District 14 (Mercer and Middlesex)**  
**Senator VIN GOPAL**  
**District 11 (Monmouth)**  
**Senator DECLAN J. O'SCANLON, JR.**  
**District 13 (Monmouth)**  
**Senator PATRICK J. DIEGNAN, JR.**  
**District 18 (Middlesex)**  
**Senator CHRIS A. BROWN**  
**District 2 (Atlantic)**

**Co-Sponsored by:**

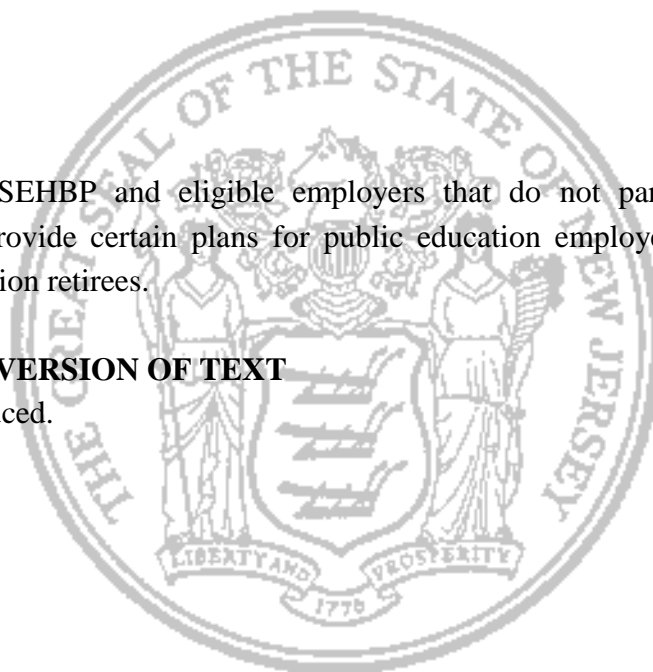
**Senators Ruiz, Addiego, T.Kean, Bateman and Thompson**

**SYNOPSIS**

Requires SEHBP and eligible employers that do not participate in the SEHBP to provide certain plans for public education employees and certain public education retirees.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 3/19/2020)**



1 AN ACT concerning the health care benefits plans provided by the  
2 School Employees' Health Benefits Program and eligible  
3 employers that do not participate in the program, and  
4 supplementing P.L.2007, c.103 (C.52:14-17.46.1 et seq.) and  
5 P.L.1979, c.391 (C.18A:16-12 et seq.).  
6

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

10 1. This section shall apply to the School Employees' Health  
11 Benefits Program (SEHBP) and to those employers defined  
12 pursuant to section 32 of P.L.2007, c.103 (C.52:14-17.46.2) that  
13 participate in the program.

14 a. Notwithstanding the provisions of any other law, rule, or  
15 regulation to the contrary, each plan year for the School Employees'  
16 Health Benefits Program shall commence on each July 1 and end on  
17 June 30 of the following year, commencing on July 1, 2020 and on  
18 each July 1 thereafter.

19 b. (1) Notwithstanding the provisions of any other law, rule, or  
20 regulation to the contrary, beginning with the plan year that  
21 commences July 1, 2020 and for each plan year thereafter, the  
22 School Employees' Health Benefits Program shall offer only three  
23 plans that provide medical and prescription drug benefits for  
24 employees, and retirees who are not Medicare-eligible, and their  
25 dependents if any. All other plans offered prior to July 1, 2020 for  
26 employees, and retirees who are not Medicare-eligible, and their  
27 dependents if any, shall be terminated.

28 The three plans shall be the New Jersey Educators Health Plan as  
29 developed by the School Employees' Health Benefits Plan Design  
30 Committee in accordance with subsection g. of this section; the  
31 SEHBP NJ Direct 10 plan as adopted and implemented by the  
32 School Employees' Health Benefits Commission for the plan year  
33 that began January 1, 2020; and the SEHBP NJ Direct 15 plan as  
34 adopted and implemented by the School Employees' Health  
35 Benefits Commission for the plan year that began January 1, 2020.

36 (2) Only the plans set forth in this section shall be offered by the  
37 program regardless of any collective negotiations agreement  
38 between a participating employer and its employees in effect on the  
39 effective date of this act, P.L. , c. (pending before the  
40 Legislature as this bill), that provides for enrollment in other plans  
41 that were offered by the program prior to July 1, 2020.

42 (3) The School Employees' Health Benefits Commission may  
43 delay the date of implementation of plan offerings, plan  
44 terminations, and enrollments as set forth in this section until a date  
45 after July 1, 2020, but not later than August 1, 2020, if the  
46 commission deems the delay to be necessary. The commission may  
47 delay implementation until a date, as soon as possible, after July 1,  
48 2020 by which date the commission determines that implementation

1 will be practicable. The commission shall state in writing the  
2 reasons for the delay. Under no circumstances shall implementation  
3 occur later than August 1, 2020.

4 c. Prior to July 1, 2020, the program, through the Division of  
5 Pensions and Benefits in the Department of the Treasury, shall  
6 provide for a special enrollment period during which all employees  
7 shall be required to select affirmatively one of the three plans  
8 specified in subsection b. of this section. If an employee fails to  
9 select affirmatively a plan during this special enrollment period, the  
10 program shall enroll the employee, and the employee's dependents  
11 if any, in the New Jersey Educators Health Plan for the plan year  
12 beginning July 1, 2020 and ending June 30, 2021.

13 During the special enrollment period, any person who is enrolled  
14 in a plan offered by the program and who is paying the full cost of  
15 health care benefits coverage shall also be required to select  
16 affirmatively one of the three plans specified in subsection b. of this  
17 section. If a person fails to select affirmatively a plan during this  
18 special enrollment period, the program shall enroll the person, and  
19 the person's dependents if any, in the New Jersey Educators Health  
20 Plan for the plan year beginning July 1, 2020 and ending June 30,  
21 2021. Any such person shall continue to pay the full cost of  
22 coverage and shall not be subject to the contribution schedule or  
23 any mandatory enrollment period as set forth in this section and  
24 section 2 of this act.

25 d. (1) An employee commencing employment on or after July  
26 1, 2020 but before July 1, 2027 who does not waive coverage shall  
27 be enrolled by the program, with the employee's dependents if any,  
28 in the New Jersey Educators Health Plan. The employee shall  
29 remain enrolled in that plan for each plan year through the plan year  
30 that ends June 30, 2027. For the plan year beginning July 1, 2027,  
31 the employee may select, during any open enrollment period or at  
32 such other times or under such conditions as the program may  
33 provide, any plan offered by the program.

34 (2) For the plan year beginning July 1, 2020, the program shall  
35 enroll a retiree who is not Medicare-eligible, and the retiree's  
36 dependents if any, in the New Jersey Educators Health Plan for  
37 health care benefits coverage as a retiree, if the retiree does not  
38 waive coverage. The retiree shall remain enrolled in that plan for  
39 each plan year through the plan year that ends June 30, 2027 or  
40 until the retiree becomes eligible for Medicare, whichever comes  
41 first. The retiree who becomes eligible for Medicare shall no longer  
42 be eligible for enrollment in the New Jersey Educators Health Plan.  
43 For the plan year beginning July 1, 2027, that retiree who is not  
44 Medicare-eligible may select, during any open enrollment period or  
45 at such other times or under such conditions as the program may  
46 provide, any plan offered by the program.

1 (3) Except as otherwise provided in this subsection or  
2 subsection c. of this section, selection of a plan shall be at the sole  
3 discretion of the employee or retiree who is not Medicare-eligible.

4 e. Beginning with the plan year that commences July 1, 2021  
5 and for each plan year thereafter, the program shall offer a fourth  
6 plan to be called the Garden State Health Plan. The plan shall be  
7 developed by the School Employees' Health Benefits Plan Design  
8 Committee. If the committee does not adopt a design for the  
9 Garden State Health Plan by December 31, 2020, the Division of  
10 Pensions and Benefits in the Department of the Treasury shall  
11 develop the Garden State Health Plan.

12 The Garden State Health Plan shall provide medical and  
13 prescription drug benefits that are equivalent to the level of medical  
14 and prescription drug benefits provided by the New Jersey  
15 Educators Health Plan, except that the benefits under the Garden  
16 State Health Plan shall be available only from providers located in  
17 the State of New Jersey.

18 Access to a service provider that is located outside of the State  
19 shall be available only under such conditions, restrictions, and  
20 limitations as the plan design committee or the division, as  
21 appropriate, shall provide.

22 f. The level of benefits in the New Jersey Educators Health  
23 Plan, the Garden State Health Plan, the NJ Direct 10 plan, and the  
24 NJ Direct 15 plan as those plans are specified in subsection b., e.,  
25 and g. of this section shall remain unchanged until June 30, 2027.  
26 No change in the level of benefits in those plans shall be made  
27 before that date unless such a change is required by federal or State  
28 law to governmental health care benefits plans or to both  
29 governmental and non-governmental health care benefits plans.

30 For the plan year that commences July 1, 2027 and for each plan  
31 year thereafter, the level of benefits in the New Jersey Educators  
32 Health Plan, the Garden State Health Plan, the NJ Direct 10 plan,  
33 and the NJ Direct 15 plan as those plans are specified in subsection  
34 b., e., and g. of this section may be modified by the School  
35 Employees' Health Benefits Plan Design Committee.

36 g. The benefits in the New Jersey Educators Health Plan shall  
37 include the following:  
38

In Network Benefits	Coverage
Member Coinsurance:	10%, Applies Only to Emergency Transportation Care and Durable Medical Equipment
Deductible:	N/A
Out-of-Pocket Maximum:	\$500 Single/ \$1,000 Family

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5

(covers all copayments, coinsurance, and deductible)

Emergency Room Copayment: \$125 (To be Waived if Admitted)

PCP Office Visit Copayment: \$10

Specialist Office Visit Copayment \$15

Out-of-Network Benefits Coverage

Member Coinsurance: 30% of the Out-of-Network Fee Schedule

Deductible: \$350 / \$700

Out-of-Pocket Maximum: \$2,000 Single / \$5,000 Family

Routine Lab: Paid at Out-of-Network Benefit Level

Out-of-Network Fee Schedule: 200% of CMS - Medicare

Pharmacy

Out-of-Pocket Maximum: \$1,600 Single / \$3,200 Family (Indexed Annually Pursuant to Federal Law)

Generic Copayment: \$5 Retail 30 Day Supply / \$10 Mail 90 Day Supply

Brand Copayment: \$10 Retail 30 Day Supply/ \$20 Mail 90 Day Supply

Mandatory Generic: Member Pays Difference in Cost Between Generic and Brand, Plus Brand Copayment

Formulary: PBM's Closed Formulary

Other

Chiropractic, Physical Therapy, and Acupuncture: Subject to Out-of-Network Limits as for the State Health Benefits Program to take effect

as of April 1, 2020, or as soon thereafter as reasonably practicable.

1

2 Under a patient centered medical home model, there shall be no  
3 office visit copay for primary care for participants who select and  
4 lock into a patient centered medical home for primary care.

5

6 h. Any plan offered by the School Employees' Health Benefits  
7 Program shall require that chiropractic, physical therapy, and  
8 acupuncture benefits shall be subject to the same out-of-network  
9 limits as for the State Health Benefits Program that are to take  
10 effect as of April 1, 2020 or as soon thereafter as reasonably  
11 practicable.

12

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

26

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

31

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

36

37 For Base Salary or Retirement Allowance of more than \$50,000 to  
38 \$60,000: 2.2% for Single Coverage; 2.8% for Parent and Child(ren)  
39 Coverage; 3.9% for Employee and Spouse Coverage; and 4.4% for  
40 Family Coverage

41

42 For Base Salary or Retirement Allowance of more than \$60,000 to  
43 \$70,000: 2.5% for Single Coverage; 3% for Parent and Child(ren)

1 Coverage; 4.4% for Employee and Spouse Coverage; and 5% for  
2 Family Coverage

3  
4 For Base Salary or Retirement Allowance of more than \$70,000 to  
5 \$80,000: 2.8% for Single Coverage; 3.3% for Parent and Child(ren)  
6 Coverage; 5% for Employee and Spouse Coverage; and 5.5% for  
7 Family Coverage

8  
9 For Base Salary or Retirement Allowance of more than \$80,000 to  
10 \$90,000: 3% for Single Coverage; 3.6% for Parent and Child(ren)  
11 Coverage; 5.5% for Employee and Spouse Coverage; and 6% for  
12 Family Coverage

13  
14 For Base Salary or Retirement Allowance of more than \$90,000 to  
15 \$100,000: 3.3% for Single Coverage; 3.9% for Parent and  
16 Child(ren) Coverage; 6% for Employee and Spouse Coverage; and  
17 6.6% for Family Coverage

18  
19 For Base Salary or Retirement Allowance of more than \$100,000 to  
20 \$125,000:

21 3.6% for Single Coverage; 4.4% for Parent and Child(ren)  
22 Coverage; 6.6% for Employee and Spouse Coverage; and 7.2% for  
23 Family Coverage

24  
25 When the base salary or retirement allowance is more than  
26 \$125,000, the percent to be contributed shall be the same as for a  
27 base salary or retirement allowance of \$125,000.

28  
29 b. Each employee, and retiree who is not Medicare-eligible and  
30 who is required by another provision of law to contribute in  
31 retirement toward the cost of health care benefits coverage under  
32 the program, shall contribute annually toward the cost of health care  
33 benefits coverage for the employee and retiree, and dependents if  
34 any, under the Garden State Health Plan offered by the School  
35 Employees' Health Benefits Program an amount equal to a  
36 percentage of the employee's annual salary or retiree's annual  
37 retirement allowance. The contribution shall be withheld by the  
38 employer from the salary of the employee or by the retirement  
39 system from the retirement allowance of the retiree who is not  
40 Medicare-eligible. The percent to be contributed shall be one-half  
41 of the percentage set forth in subsection a. of this section for the  
42 salary or retirement allowance range and type of coverage, except  
43 that the contribution specified in this subsection shall not be less  
44 than the minimum annual contribution for health care benefits  
45 coverage of 1.5% of salary or retirement allowance as required by  
46 law.

47 c. (1) An employee enrolled in the New Jersey Educators  
48 Health Plan or the Garden State Health Plan shall be required to pay

1 only the contribution specified in subsection a. or b. of this section,  
2 notwithstanding any other provision of law, rule, or regulation to  
3 the contrary requiring contributions by employees toward the cost  
4 of health care benefits coverage under the program, except as  
5 provided in subsection b. of this section. No other contribution may  
6 be required by collective negotiations agreement, except as set forth  
7 in subsection h. of this section.

8 (2) Only those retirees who are not Medicare-eligible and who  
9 are required by another provision of law to contribute in retirement  
10 toward the cost of health care coverage under the program shall be  
11 required to pay the contribution specified in subsection a. or b. of  
12 this section for coverage under the New Jersey Educators Health  
13 Plan or the Garden State Health Plan.

14 A retiree who is not Medicare-eligible, who is enrolled in the  
15 New Jersey Educators Health Plan or the Garden State Health Plan,  
16 and who is required by another provision of law to contribute in  
17 retirement toward the cost of health care coverage under the  
18 program shall be required to pay only the contribution specified in  
19 subsection a. or b. of this section, notwithstanding the provisions of  
20 section 77 of P.L.2011, c.78 (C.52:14-17.28e), section 3 of  
21 P.L.1987, c.384 (C.52:14-17.32f), section 2 of P.L.1992, c.126  
22 (C.52:14-17.32f1), or section 1 of P.L.1995, c.357 (C.52:14-  
23 17.32f2) to the contrary requiring contributions by retirees toward  
24 the cost of health care benefits coverage under the program, except  
25 as provided in subsection b. of this section.

26 d. Employees who are not enrolled in the New Jersey Educators  
27 Health Plan or the Garden State Health Plan shall continue, after the  
28 effective date of this act, P.L. , c. (pending before the  
29 Legislature as this bill), to contribute to health care benefits  
30 coverage and those contributions shall be determined in accordance  
31 with what is permitted or required by provisions of law.

32 An employee who is enrolled in a plan other than the New Jersey  
33 Educators Health Plan or the Garden State Health Plan shall be  
34 required to contribute toward the cost of health care benefits  
35 coverage under the program (a) in accordance with a collective  
36 negotiations agreement applicable to that employee as negotiated  
37 prior to or after the effective date of this act, P.L. , c. (pending  
38 before the Legislature as this bill), pursuant to the requirements that  
39 were set forth in law on the day next preceding that effective date;  
40 (b) as may be required at the discretion of the employer; or (c) as  
41 required by a provision of law, whichever is applicable to that  
42 employee.

43 With regard to contributions by an employee who is enrolled in a  
44 plan other than the New Jersey Educators Health Plan or the Garden  
45 State Health Plan, no provision in this section shall be deemed to  
46 modify, alter, impair, or terminate the requirement in sections 77  
47 and 78 of P.L.2011, c.78 (C.18A:16-17.2 and C.52:14-17.28e), as  
48 applicable, that a public employer and employees who were in

1 negotiations for the collective negotiations agreement to be  
2 executed after the employees in that unit had reached full  
3 implementation of the premium share set forth in section 39 of  
4 P.L.2011, c.78 (C.52:14-17.28c) shall conduct negotiations  
5 concerning contributions for health care benefits as if the full  
6 premium share was included in the prior contract. Nothing in this  
7 act shall be deemed to modify, alter, impair, or terminate the  
8 continued compliance after the effective date of this act with that  
9 requirement for negotiations for any collections negotiations  
10 agreement for employee contributions for plans other than the New  
11 Jersey Educators Health Plan or the Garden State Health Plan.

12 e. For an employee, the annual base salary paid by the  
13 employer for the position held by the employee shall be used to  
14 identify the percentage to be used to calculate the annual  
15 contribution required under subsections a. and b. of section 2 of this  
16 act. For a retiree who is not Medicare-eligible, the annual  
17 retirement allowance received by the retiree shall be used to  
18 identify the percentage to be used to calculate the annual  
19 contribution required under subsections a. and b. of section 2 of this  
20 act.

21 f. The annual contribution by an employee or a retiree who is  
22 not Medicare-eligible as calculated in accordance with subsection a.  
23 or b. of this section shall not exceed the amount as calculated in  
24 accordance with section 4 of this act, P.L. , c. (C. )(pending  
25 before the Legislature as this bill).

26 g. The contributions required by this section shall apply to  
27 employees for whom the employer has assumed a health care  
28 benefits payment obligation, to require that such employees pay the  
29 amount of contribution specified in this section for health care  
30 benefits coverage. The contributions required by this section shall  
31 apply to retirees for whom the State has assumed a health care  
32 benefits payment obligation but who are required by law to  
33 contribute toward the cost of health care benefits coverage under  
34 the program, to require that such retirees pay the amount of  
35 contribution specified in this section for health care benefits  
36 coverage.

37 h. For the plan year that commences on July 1, 2027 and for  
38 each plan year thereafter, the contributions required pursuant to  
39 subsections a. and b. of this section for employees enrolled in the  
40 New Jersey Educators Health Plan or the Garden State Health Plan  
41 may be modified through collective negotiations agreements  
42 entered into between the employers who participate in the School  
43 Employees' Health Benefits Program and their employees. The  
44 contributions required pursuant to subsections a. and b. of this  
45 section shall become part of the parties' collective negotiations and  
46 shall then be subject to collective negotiations in a manner similar  
47 to other negotiable items between the parties. Negotiations  
48 concerning contributions for health care benefits shall be conducted



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

7  
8 3. a. The School Employees' Health Benefits Commission  
9 shall prepare, in coordination with the Division of Pensions and  
10 Benefits in the Department of the Treasury, a guidance tool to  
11 provide employees and retirees who is not Medicare-eligible with  
12 confidential consultations online with regard to the employee's or  
13 retiree's decision to select a plan during a period of open enrollment  
14 or at other times. The guidance tool shall operate using information  
15 supplied by the employee or retiree as answers to questions  
16 concerning the health care needs of the employee or retiree, and the  
17 employee's or retiree's dependents if any.

18 b. The School Employees' Health Benefits Plan Design  
19 Committee shall develop a comprehensive health and wellness plan  
20 intended to provide biometric screening services, chronic condition  
21 coaching services, and smoking cessation services.

22 The School Employees' Health Benefits Commission shall  
23 provide, through a contract, for the services of wellness related  
24 providers for employees and retirees, and their dependents if any,  
25 enrolled in the program. The contract awarded by the commission  
26 shall provide access to those services for employers, as defined in  
27 section 32 of P.L.2007, c.103 (C.52:14-17.46.2), who do not  
28 participate in the program so that their employees may have access  
29 to the same services and under same terms, conditions, and costs as  
30 the employees of employers who do participate.

31 The School Employees' Health Benefits Program shall promote,  
32 on an on-going basis, the expansion of the use of patient centered  
33 medical homes.

34 The School Employees' Health Benefits Plan Design Committee  
35 shall seek also to adopt, on an on-going basis, efforts and measures  
36 to support expanded population health arrangements that manage  
37 costs and prevent inappropriate utilization.

38 c. All provisions of law regarding the School Employees'  
39 Health Benefits Program shall remain applicable to the extent not  
40 inconsistent with, and shall not be interpreted in a manner that  
41 creates a direct impediment to the implementation of, this section  
42 and sections 1, 2, and 4 of this act, P.L. , c. (C. )(pending  
43 before the Legislature as this bill).

44  
45 4. For employees and retirees who are not Medicare-eligible  
46 who are required to make a contribution pursuant to subsection a. or  
47 b. of section 2, or subsection d. of section 5, of this act, P.L. ,  
48 c. (C. )(pending before the Legislature as this bill), due to

1 enrollment in the New Jersey Educators Health Plan or the Garden  
2 State Health Plan, or the equivalent plan, as appropriate, a  
3 calculation shall be made in accordance with this section. The  
4 employee or retiree shall be required to contribute the lesser of: the  
5 amount calculated for that employee or retiree in accordance with  
6 subsection a. or b. of section 2, or in accordance subsection d. of  
7 section 5, of this act, as appropriate; or the amount calculated for  
8 that employee or retiree in accordance with this section.

9  
10 for family coverage or its equivalent -

11 an employee or retiree who earns less than \$25,000 shall pay 3  
12 percent of the cost of coverage;

13 an employee or retiree who earns \$25,000 or more but less than  
14 \$30,000 shall pay 4 percent of the cost of coverage;

15 an employee or retiree who earns \$30,000 or more but less than  
16 \$35,000 shall pay 5 percent of the cost of coverage;

17 an employee or retiree who earns \$35,000 or more but less than  
18 \$40,000 shall pay 6 percent of the cost of coverage;

19 an employee or retiree who earns \$40,000 or more but less than  
20 \$45,000 shall pay 7 percent of the cost of coverage;

21 an employee or retiree who earns \$45,000 or more but less than  
22 \$50,000 shall pay 9 percent of the cost of coverage;

23 an employee or retiree who earns \$50,000 or more but less than  
24 \$55,000 shall pay 12 percent of the cost of coverage;

25 an employee or retiree who earns \$55,000 or more but less than  
26 \$60,000 shall pay 14 percent of the cost of coverage;

27 an employee or retiree who earns \$60,000 or more but less than  
28 \$65,000 shall pay 17 percent of the cost of coverage;

29 an employee or retiree who earns \$65,000 or more but less than  
30 \$70,000 shall pay 19 percent of the cost of coverage;

31 an employee or retiree who earns \$70,000 or more but less than  
32 \$75,000 shall pay 22 percent of the cost of coverage;

33 an employee or retiree who earns \$75,000 or more but less than  
34 \$80,000 shall pay 23 percent of the cost of coverage;

35 an employee or retiree who earns \$80,000 or more but less than  
36 \$85,000 shall pay 24 percent of the cost of coverage;

37 an employee or retiree who earns \$85,000 or more but less than  
38 \$90,000 shall pay 26 percent of the cost of coverage;

39 an employee or retiree who earns \$90,000 or more but less than  
40 \$95,000 shall pay 28 percent of the cost of coverage;

41 an employee or retiree who earns \$95,000 or more but less than  
42 \$100,000 shall pay 29 percent of the cost of coverage;

43 an employee or retiree who earns \$100,000 or more but less than  
44 \$110,000 shall pay 32 percent of the cost of coverage;

45 an employee or retiree who earns \$110,000 or more shall pay 35  
46 percent of the cost of coverage

47  
48 for individual coverage or its equivalent -

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12

- 1 an employee or retiree who earns less than \$20,000 shall pay 4.5
- 2 percent of the cost of coverage;
- 3 an employee or retiree who earns \$20,000 or more but less than
- 4 \$25,000 shall pay 5.5 percent of the cost of coverage;
- 5 an employee or retiree who earns \$25,000 or more but less than
- 6 \$30,000 shall pay 7.5 percent of the cost of coverage;
- 7 an employee or retiree who earns \$30,000 or more but less than
- 8 \$35,000 shall pay 10 percent of the cost of coverage;
- 9 an employee or retiree who earns \$35,000 or more but less than
- 10 \$40,000 shall pay 11 percent of the cost of coverage;
- 11 an employee or retiree who earns \$40,000 or more but less than
- 12 \$45,000 shall pay 12 percent of the cost of coverage;
- 13 an employee or retiree who earns \$45,000 or more but less than
- 14 \$50,000 shall pay 14 percent of the cost of coverage;
- 15 an employee or retiree who earns \$50,000 or more but less than
- 16 \$55,000 shall pay 20 percent of the cost of coverage;
- 17 an employee or retiree who earns \$55,000 or more but less than
- 18 \$60,000 shall pay 23 percent of the cost of coverage;
- 19 an employee or retiree who earns \$60,000 or more but less than
- 20 \$65,000 shall pay 27 percent of the cost of coverage;
- 21 an employee or retiree who earns \$65,000 or more but less than
- 22 \$70,000 shall pay 29 percent of the cost of coverage;
- 23 an employee or retiree who earns \$70,000 or more but less than
- 24 \$75,000 shall pay 32 percent of the cost of coverage;
- 25 an employee or retiree who earns \$75,000 or more but less than
- 26 \$80,000 shall pay 33 percent of the cost of coverage;
- 27 an employee or retiree who earns \$80,000 or more but less than
- 28 \$95,000 shall pay 34 percent of the cost of coverage;
- 29 an employee or retiree who earns \$95,000 or more shall pay 35
- 30 percent of the cost of coverage;
- 31
- 32 for member with child or spouse coverage or its equivalent -
- 33 an employee or retiree who earns less than \$25,000 shall pay 3.5
- 34 percent of the cost of coverage;
- 35 an employee or retiree who earns \$25,000 or more but less than
- 36 \$30,000 shall pay 4.5 percent of the cost of coverage;
- 37 an employee or retiree who earns \$30,000 or more but less than
- 38 \$35,000 shall pay 6 percent of the cost of coverage;
- 39 an employee or retiree who earns \$35,000 or more but less than
- 40 \$40,000 shall pay 7 percent of the cost of coverage;
- 41 an employee or retiree who earns \$40,000 or more but less than
- 42 \$45,000 shall pay 8 percent of the cost of coverage;
- 43 an employee or retiree who earns \$45,000 or more but less than
- 44 \$50,000 shall pay 10 percent of the cost of coverage;
- 45 an employee or retiree who earns \$50,000 or more but less than
- 46 \$55,000 shall pay 15 percent of the cost of coverage;
- 47 an employee or retiree who earns \$55,000 or more but less than
- 48 \$60,000 shall pay 17 percent of the cost of coverage;

1 an employee or retiree who earns \$60,000 or more but less than  
2 \$65,000 shall pay 21 percent of the cost of coverage;  
3 an employee or retiree who earns \$65,000 or more but less than  
4 \$70,000 shall pay 23 percent of the cost of coverage;  
5 an employee or retiree who earns \$70,000 or more but less than  
6 \$75,000 shall pay 26 percent of the cost of coverage;  
7 an employee or retiree who earns \$75,000 or more but less than  
8 \$80,000 shall pay 27 percent of the cost of coverage;  
9 an employee or retiree who earns \$80,000 or more but less than  
10 \$85,000 shall pay 28 percent of the cost of coverage;  
11 an employee or retiree who earns \$85,000 or more but less than  
12 \$100,000 shall pay 30 percent of the cost of coverage.  
13 an employee or retiree who earns \$100,000 or more shall pay 35  
14 percent of the cost of coverage.

15

16 The annual base salary of an employee shall be used to  
17 determine what the employee earns for the purpose of determining  
18 the percent of the cost of coverage. The annual retirement  
19 allowance of a retiree who is not Medicare-eligible shall be used to  
20 determine what the retiree earns for the purpose of determining the  
21 percent of the cost of coverage.

22 As used in this section, "cost of coverage" means the premium or  
23 periodic charges for medical and prescription drug plan coverage,  
24 but not for dental, vision, or other health care, provided: (1) under  
25 the New Jersey Educators Health Plan or the Garden State Health  
26 Plan offered by the School Employees' Health Benefits Program  
27 pursuant to section 1 of P.L. , c. (C. )(pending before the  
28 Legislature as this bill); or (2) under the equivalent New Jersey  
29 Educators Health Plan or the equivalent Garden State Health Plan  
30 offered by an employer pursuant to section 5 of P.L. c. (C.  
31 (pending before the Legislature as this bill) when that employer is  
32 not a participant in the School Employees' Health Benefits Program.

33

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

37 a. (1) Notwithstanding the provisions of any other law, rule, or  
38 regulation to the contrary, beginning July 1, 2020 and for each plan  
39 year thereafter, a board of education as an employer providing  
40 health care benefits coverage for its employees, and their  
41 dependents if any, in accordance with P.L.1979, c.391 (C.18A:16-  
42 12 et seq.) shall offer to its employees, and their dependents if any,  
43 the equivalent of the New Jersey Educators Health Plan in the  
44 School Employees' Health Benefits Program as that plan is  
45 described in section 1 of P.L. , c. (C. )(pending before the  
46 Legislature as this bill).

47 Beginning July 1, 2021 and for each plan year thereafter, a board  
48 of education as an employer providing health care benefits coverage

1 for its employees, and their dependents if any, in accordance with  
2 P.L.1979, c.391 (C.18A:16-12 et seq.) shall also offer a plan for its  
3 employees, and their dependents if any, that is the equivalent of the  
4 Garden State Health Plan in the School Employees' Health Benefits  
5 Program.

6 (2) The plans under this section shall be offered by the employer  
7 regardless of any collective negotiations agreement between the  
8 employer and its employees in effect on the effective date of this  
9 act, P.L. , c. (pending before the Legislature as this bill), that  
10 provides for enrollment in other plans offered by the employer.

11 No new health care benefits plans, other than those specified in  
12 paragraph (1) of this subsection, shall be added by the employer  
13 from July 1, 2020 through June 30, 2027 unless the provisions of  
14 any collective negotiations agreement entered into before or after  
15 the effective date of this act, P.L. , c. (pending before the  
16 Legislature as this bill), result in additional premium cost  
17 reductions. Nothing in this section shall prohibit an employer from  
18 offering health care benefits plans that existed prior to the effective  
19 date of this act.

20 (3) Commencing July 1, 2027, the employer may offer such  
21 other plans as may be required in accordance with any collective  
22 negotiations agreement between the employer and its employees.

23 (4) An employer may delay implementation of plan offerings  
24 and enrollments as set forth in this section until a date after July 1,  
25 2020, but not later than August 1, 2020, if the employer deems the  
26 delay to be necessary. The employer may delay implementation  
27 until a date, as soon as possible, after July 1, 2020 by which date  
28 the employer determines that implementation will be practicable.  
29 The employer shall state in writing the reasons for the delay and  
30 shall submit that statement to the School Employees' Health  
31 Benefits Commission. Under no circumstances shall  
32 implementation occur later than August 1, 2020.

33 b. Prior to July 1, 2020, each employer shall provide a special  
34 enrollment period during which all employees shall be required to  
35 select affirmatively a plan provided by the employer. If an  
36 employee fails to select affirmatively a plan during this special  
37 enrollment period, the employer shall enroll the employee, and the  
38 employee's dependents if any, in the equivalent New Jersey  
39 Educators Health Plan for the year July 1, 2020 until June 30, 2021.

40 During the special enrollment period, each person who is  
41 enrolled in a plan offered by the employer and who is paying the  
42 full cost of coverage shall also be required to select affirmatively a  
43 plan provided by the employer. If a person fails to select  
44 affirmatively a plan during this special enrollment period, the  
45 employer shall enroll the person, and the person's dependents if  
46 any, in the equivalent New Jersey Educators Health Plan for the  
47 year July 1, 2020 until June 30, 2021. Any such person shall  
48 continue to pay the full cost of coverage and shall not be subject to

1 the contribution schedule or any mandatory enrollment period as set  
2 forth in this section.

3 c. (1) An employee commencing employment on or after July  
4 1, 2020 but before July 1, 2027 who does not waive coverage, shall  
5 be enrolled by the employer in the equivalent New Jersey Educators  
6 Health Plan. The employee shall remain enrolled in that plan for  
7 each plan year until June 30, 2027. Beginning July 1, 2027, the  
8 employee may select, during any open enrollment period or at such  
9 other times or under such conditions as the employer may provide,  
10 any plan offered by the employer.

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

14 d. An employee shall contribute annually toward the cost of  
15 health care benefits coverage for the employee, and employee's  
16 dependents if any, the amount specified, in the manner specified, in  
17 subsection a. or b. of section 2 of this act, P.L. ,  
18 c. (C. )(pending before the Legislature as this bill), if the  
19 employee, and the employee's dependents if any, are enrolled in the  
20 equivalent New Jersey Educators Health Plan or the equivalent  
21 Garden State Health Plan. An employee's contribution toward the  
22 cost of coverage under the equivalent Garden State Health Plan  
23 shall be the amount required in subsection b. of section 2 of this act,  
24 except that the contribution specified in that subsection shall not be  
25 less than the minimum annual contribution for health care benefits  
26 coverage of 1.5% of salary as required by law.

27 e. (1) An employee enrolled in the equivalent New Jersey  
28 Educators Health Plan or the equivalent Garden State Health Plan  
29 shall be required to pay only the contribution specified in  
30 subsections a. and b. of section 2 of this act, notwithstanding any  
31 other provision of law, rule, or regulation to the contrary requiring  
32 contributions by employees toward the cost of health care benefits  
33 coverage provided by an employer, except as provided in subsection  
34 d. of this section. No other contribution may be required by  
35 collective negotiations agreement, except as set forth in subsection  
36 i. of this section.

37 (2) Employees who are not enrolled in the equivalent New  
38 Jersey Educators Health Plan or the equivalent Garden State Health  
39 Plan shall continue, after the effective date of this act, P.L. , c.  
40 (pending before the Legislature as this bill), to contribute to health  
41 care benefits coverage and those contributions shall be determined  
42 in accordance with what is permitted or required by provisions of  
43 law.

44 An employee who is enrolled in a plan other than the equivalent  
45 New Jersey Educators Health Plan or the equivalent Garden State  
46 Health Plan shall be required to contribute toward the cost of health  
47 care benefits coverage offered by the employer (a) in accordance  
48 with a collective negotiations agreement applicable to that

1 employee as negotiated prior to or after the effective date of this act  
2 pursuant to the requirements that were set forth in law on the day  
3 next preceding that effective date; (b) as may be required at the  
4 discretion of the employer; or (c) as required by a provision of law,  
5 whichever is applicable to that employee.

6 With regard to contributions by an employee who is enrolled in a  
7 plan other than the equivalent New Jersey Educators Health Plan or  
8 the equivalent Garden State Health Plan, no provision in this  
9 section shall be deemed to modify, alter, impair, or terminate the  
10 requirement in sections 77 and 78 of P.L.2011, c.78 (C.18A:16-17.2  
11 and C.52:14-17.28e), as applicable, that a public employer and  
12 employees who are in negotiations for the collective negotiations  
13 agreement to be executed after the employees in that unit had  
14 reached full implementation of the premium share set forth in  
15 section 39 of P.L.2011, c.78 (C.52:14-17.28c) shall conduct  
16 negotiations concerning contributions for health care benefits as if  
17 the full premium share was included in the prior contract. Nothing  
18 in this act shall be deemed to modify, alter, impair, or terminate the  
19 continued compliance after the effective date of this act with that  
20 requirement for negotiations for any collective negotiations  
21 agreement for employee contributions for plans other than the  
22 equivalent New Jersey Educators Health Plan or the equivalent  
23 Garden State Health Plan.

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

29 f. The annual contribution by an employee as calculated in  
30 accordance with subsection a. or b. of section 2 of this act shall not  
31 exceed the amount as calculated in accordance with section 4 of this  
32 act.

33 g. The contributions required by this section shall apply to  
34 employees for whom the employer has assumed a health care  
35 benefits payment obligation, to require that such employees pay the  
36 amount of contribution specified in this section for health care  
37 benefits coverage.

38 h. The level of benefits in the equivalent New Jersey Educators  
39 Health Plan and the equivalent Garden State Health Plan offered by  
40 the employer shall remain unchanged until June 30, 2027. No  
41 change in the level of benefits in those plans shall be made before  
42 that date unless such a change is required by federal or State law to  
43 governmental health care benefits plans or to both governmental  
44 and non-governmental health care benefits plans.

45 Commencing July 1, 2027 and for each plan year thereafter, the  
46 level of benefits in the equivalent New Jersey Educators Health  
47 Plan and the equivalent Garden State Health Plan offered by the  
48 employer may be modified by the employer in accordance with

1 collective negotiations agreements entered into between the  
2 employers who do not participate in the School Employees' Health  
3 Benefits Program and their employees, or as otherwise permitted by  
4 law.

5 i. Commencing July 1, 2027 and for each plan thereafter, the  
6 contributions required pursuant to subsections a. and b. of section 2  
7 of this act for employees enrolled in the equivalent New Jersey  
8 Educators Health Plan or the equivalent Garden State Health Plan  
9 may be modified in accordance with collective negotiations  
10 agreements enter into between the employers who do not participate  
11 in the School Employees' Health Benefits Program and their  
12 employees. The contributions required pursuant to subsections a.  
13 and b. of section 2 of this act shall become part of the parties'  
14 collective negotiations and shall then be subject to collective  
15 negotiations in a manner similar to other negotiable items between  
16 the parties. Negotiations concerning contributions for health care  
17 benefits shall be conducted as if the contributions required pursuant  
18 to subsections a. and b. of section 2 of this act were included in the  
19 prior contract. The contribution scheme of the percentage of base  
20 salary set forth in those subsections may be modified or a new  
21 contribution scheme or method other than a percentage of salary  
22 may be provided for in accordance with a collective negotiations  
23 agreement.

24 j. This section shall also apply also when health care benefits  
25 coverage is provided though an insurance fund or joint insurance  
26 fund or any other manner. This section shall apply to any  
27 employer, as that term is defined in section 32 of P.L.2007, c.103  
28 (C.52:14-17.46.2), that is not a participating employer in the School  
29 Employees' Health Benefits Program.

30

31 6. a. Actual savings realized by a school district as a result of  
32 the implementation of the provisions of P.L. ,  
33 c. (C. )(pending before the Legislature as this bill) shall be  
34 used solely and exclusively by the school district for the purpose of  
35 reducing the amount that is required to be raised by the local  
36 property tax levy by the school district for school district purposes,  
37 except when a school district is spending below adequacy as  
38 calculated in accordance with section 1 of P.L.2018, c.67  
39 (C.18A:7F-70).

40 When a cap on the annual increase in the property tax levy for a  
41 school district is imposed by law, the savings realized shall be  
42 deducted from the adjusted tax levy for the previous budget year  
43 and that reduced amount shall serve as the basis for calculating the  
44 adjusted tax levy for the next school year.

45 b. To enable tracking of health care cost savings by school  
46 districts, each school district shall submit an annual data sheet for  
47 both the current and prior year showing the Total Annual Cost of  
48 Health Benefits for Active Employees, the Total Employee Cost-



1 Sharing Contribution, and the Net Cost to the School District for  
2 Health Benefits, including the Number of Covered Employees, the  
3 Annual Cost Estimate Per Employee, and the Total Cost for each  
4 coverage category – Single Coverage, Parent and Child, Employee  
5 and Spouse, and Family.

6 In addition, school districts shall provide separate breakouts of  
7 the same categories of data for health care coverage under all health  
8 care benefits plans offered by the employer. The datasheet shall also  
9 indicate whether the school district is enrolled in the School  
10 Employees' Health Benefits Program for medical and prescription  
11 drug benefits coverage. Reports shall be due no later than 60 days  
12 following each enrollment period to the Department of Education,  
13 the Division of Pensions and Benefits in the Department of the  
14 Treasury, and the Legislature.

15

16 7. This act shall take effect immediately.

17

18

19

#### STATEMENT

20

21 This bill requires the School Employees' Health Benefits  
22 Program (SEHBP) to offer only three plans, beginning on July 1,  
23 2020, for medical and prescription benefits coverage. The three  
24 plans will be the New Jersey Educators Health Plan; the SEHBP NJ  
25 Direct 10 plan as adopted and implemented by the School  
26 Employees' Health Benefits Commission for plan year 2020; and  
27 the SEHBP NJ Direct 15 plan as adopted and implemented by the  
28 School Employees' Health Benefits Commission for plan year  
29 2020.

30 The SEHBP applies to the following employers who elect to  
31 participate in the SEHBP: local school district, regional school  
32 district, county vocational school district, county special services  
33 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. The provisions of this bill also apply under section 5  
42 to these same employers even if they do not elect to participate in  
43 the SEHBP.

44 The New Jersey Educators Health Plan will have the benefits  
45 specified in the bill.

46 The plan offerings, plan terminations, and enrollments required  
47 by July 1, 2020, as set forth in this bill, may be delayed until a date  
48 after July 1, 2020, but not later than August 1, 2020, if the School

1 Employees' Health Benefits Commission, or an employer that does  
2 not participate in the SEHBP, deems the delay to be necessary. The  
3 commission or employer may delay implementation until a date the  
4 commission or employer determines that implementation will be  
5 practicable. The commission or employer must state in writing the  
6 reasons for the delay. Under no circumstances shall implementation  
7 occur later than August 1, 2020.

8 The bill requires the SEHBP to provide a special enrollment  
9 period during which all employees will be required to select  
10 affirmatively one of the three plans. If an employee fails to select  
11 affirmatively a plan during this special enrollment period, the  
12 SEHBP will enroll the employee, and their dependents if any, in the  
13 New Jersey Educators Health Plan for plan year beginning July 1,  
14 2020 and ending June 30, 2021.

15 The bill requires the SEHBP to enroll an employee who  
16 commences employment on or after July 1, 2020 but before July 1,  
17 2027 in the New Jersey Educators Health Plan. For the plan year  
18 that commences July 1, 2027, the employee may select, during any  
19 open enrollment period, any one of the three plans provided by the  
20 SEHBP.

21 The bill requires the program, for the plan year beginning July 1,  
22 2020, to enroll any retiree who is not Medicare-eligible, and the  
23 retiree's dependents if any, in the New Jersey Educators Health  
24 Plan for health care benefits as a retiree. The retiree must remain in  
25 that plan until June 30, 2027 or until the retiree become eligible for  
26 Medicare, whichever comes first.

27 For the plan year that commences July 1, 2021, the SEHBP must  
28 also offer a Garden State Health Plan. The plan will be developed  
29 by the School Employees' Health Benefits Plan Design Committee.  
30 The Garden State Health Plan will provide medical and prescription  
31 drug benefits that are equivalent to the level of medical and  
32 prescription drug benefits provided by the New Jersey Educators  
33 Health Plan, except that the benefits under the Garden State Health  
34 Plan will be available only from providers located in the State of  
35 New Jersey with certain exceptions.

36 The level of benefits in the New Jersey Educators Health Plan,  
37 the Garden State Health Plan, the NJ Direct 10, and the NJ Direct  
38 15 plan will remain unchanged until June 30, 2027. For the plan  
39 year that commences July 1, 2027, the benefits in the plans may be  
40 modified by the plan design committee. Employers that do not  
41 participate in the SEHBP may modify, through collective  
42 negotiations agreements, the employee contributions required for  
43 New Jersey Educators Health Plan and the Garden State Health  
44 Plan, beginning for the plan year that starts July 1, 2027 and  
45 thereafter.

46 The bill requires an employee, or a retiree who is not Medicare-  
47 eligible and who is required by law to contribute in retirement  
48 toward the cost of health care coverage under the program, to

1 contribute annually a percentage of base salary or retirement  
2 allowance toward the cost of the health care benefits coverage  
3 under the New Jersey Educators Health Plan and the Garden State  
4 Health Plan. The percentages are specified in the bill. However,  
5 the contribution cannot be less than the contribution of 1.5% of  
6 salary that is required by current law.

7 The required contribution toward the cost of health care benefits  
8 coverage under the Garden State Health Plan will be one half of the  
9 percentages required for the New Jersey Educators Health Plan.  
10 However, the contribution cannot be less than the contribution of  
11 1.5% of salary that is required by current law.

12 The amount of the annual contribution for either plan cannot  
13 exceed the amount that is the result of a calculation using the chart  
14 established under P.L.2011, c.78 that was formerly applicable to  
15 determine a contribution that was a percentage of premium.

16 An employee who selects a plan other than the New Jersey  
17 Educators Health Plan or the Garden State Health Plan will be  
18 required to contribute toward the cost of coverage (1) in accordance  
19 with a collective negotiations agreement applicable to that  
20 employee as negotiated in accordance with certain requirements of  
21 P.L.2011, c.78; (2) as may be required at the discretion of the  
22 employer; or (3) as required by a provision of law, whichever is  
23 applicable to that employee.

24 The bill requires eligible employers that do not participate in the  
25 SEHBP to also offer the equivalent of the New Jersey Educators  
26 Health Plan beginning July 1, 2020, and the equivalent of the  
27 Garden State Health Plan beginning July 1, 2021, until June 30,  
28 2027. The level of benefits in these two plans will remain  
29 unchanged through June 30, 2027.

30 No new plans, other than the New Jersey Educators Health Plan  
31 and the Garden State Health Plan, may be provided during that  
32 period unless the provisions of collective negotiations agreements  
33 entered into before or after the effective of this bill result in  
34 additional premium cost reductions. Health care benefits plans that  
35 existed before the effective date of the bill may continue to be  
36 offered by employers that do not participate in the SEHBP.

37 The employees of employers that do not participate in the  
38 SEHBP will also be required to make the contributions described  
39 above if they enroll in the equivalent New Jersey Educators Health  
40 Plan or the equivalent Garden State Health Plan. Eligible  
41 employers may modify, through collective negotiations agreements,  
42 the two plans and the contributions required for those plans, for the  
43 year beginning July 1, 2027 and thereafter. The enrollment  
44 provisions required for these employers for the new plans will be  
45 the same as those for the employers who participate in the SEHBP.

46 The bill requires that actual savings realized by a school district  
47 as a result of the implementation of this bill be used solely and  
48 exclusively by the school district for the purpose of reducing the

1 amount that is required to be raised by the local property tax levy  
2 by the school district for school district purposes, except when a  
3 school district is spending below adequacy as calculated in  
4 accordance with N.J.S.A.18A:7F-70. When a cap on the annual  
5 increase in the property tax levy for a school district is imposed by  
6 law, the savings realized shall be deducted from the adjusted tax  
7 levy for the previous budget year and the difference shall serve as  
8 the basis for calculating the adjusted tax levy for the next year.

9 The bill requires certain annual reports from school districts.

10 The bill also requires the SEHBP to:

11 develop a guidance tool to provide employees and retirees with  
12 confidential consultations online with regard to the employee's or  
13 retiree's decision to select a plan during the period of open  
14 enrollment or at other times.

15 develop a comprehensive health and wellness plan intended to  
16 provide biometric screening services, chronic condition coaching  
17 services, and smoking cessation services.

18 provide for the services, through a contract, of wellness related  
19 providers for employees and retirees, and their dependent, enrolled  
20 in the program, with access to those service for employers who do  
21 not participate in the SEHBP.

22 promote, on an on-going basis, the expansion of the use of  
23 patient centered medical homes.

24 seek to adopt, on an on-going basis, efforts and measures to  
25 support expanded population health arrangements that manage costs  
26 and prevent inappropriate utilization.

ASSEMBLY APPROPRIATIONS  
COMMITTEE

STATEMENT TO

**SENATE, No. 2273**

with committee amendments

**STATE OF NEW JERSEY**

DATED: JUNE 26, 2020

The Assembly Appropriations Committee reports favorably Senate Bill No. 2273 with committee amendments.

This bill requires the School Employees' Health Benefits Program (SEHBP) to offer only three plans, beginning on January 1, 2021, for medical and prescription benefits coverage. The three plans will be the New Jersey Educators Health Plan; the SEHBP NJ Direct 10 plan as adopted and implemented by the School Employees' Health Benefits Commission for plan year 2020; and the SEHBP NJ Direct 15 plan as adopted and implemented by the School Employees' Health Benefits Commission for plan year 2020.

The SEHBP applies to the following employers who elect to participate in the SEHBP: local school district, regional school district, county vocational school district, county special services school district, jointure commission, educational services commission, State-operated school district, charter school, county college, any officer, board, or commission under the authority of the Commissioner of Education or of the State Board of Education, and any other public entity which is established pursuant to authority provided by Title 18A of the New Jersey Statutes, but excluding the State public institutions of higher education and excluding those public entities where the employer is the State of New Jersey. The provisions of this bill also apply, under section 5, to these same employers even if they do not elect to participate in the SEHBP.

The New Jersey Educators Health Plan will have the benefits specified in the bill.

The bill requires the SEHBP to provide, during an enrollment period before January 1, 2021, that all employees who commenced employment before the effective date of the bill select affirmatively one of the three plans. If an employee fails to select affirmatively a plan during the enrollment period, the SEHBP will enroll the employee, and their dependents if any, in the New Jersey Educators Health Plan for plan year beginning January 1, 2021.

The bill requires the SEHBP, beginning January 1, 2021, to enroll an employee who commences employment on or after the effective

date of the bill but before January 1, 2028 in the New Jersey Educators Health Plan, or in the Garden State Health Plan if the Garden State Health Plan is selected by the employee. For the plan year that commences January 1, 2028, the employee may select, during any open enrollment period, any one of the plans provided by the SEHBP.

The bill requires the program, for the plan year beginning January 1, 2021, to enroll any retiree who is not Medicare-eligible, and the retiree's dependents if any, in the New Jersey Educators Health Plan for health care benefits as a retiree. The retiree must remain in that plan until December 31, 2027 or until the retiree become eligible for Medicare, whichever comes first.

Beginning July 1, 2021, the SEHBP must also offer a Garden State Health Plan. The plan will be developed by the School Employees' Health Benefits Plan Design Committee. The Garden State Health Plan will provide medical and prescription drug benefits that are equivalent to the level of medical and prescription drug benefits provided by the New Jersey Educators Health Plan, except that the benefits under the Garden State Health Plan will be available only from providers located in the State of New Jersey with certain exceptions.

The level of benefits in the New Jersey Educators Health Plan, the Garden State Health Plan, the NJ Direct 10, and the NJ Direct 15 plan will remain unchanged until December 31, 2027. For the plan year that commences January 1, 2028, the benefits in the plans may be modified by the plan design committee. Employers that do not participate in the SEHBP may modify, through collective negotiations agreements, the employee contributions required for New Jersey Educators Health Plan and the Garden State Health Plan, beginning for the plan year that starts January 1, 2028 and thereafter.

The bill requires an employee, or a retiree who is not Medicare-eligible and who is required by law to contribute in retirement toward the cost of health care coverage under the program, to contribute annually a percentage of base salary or retirement allowance, including any cost of living adjustment to that retirement allowance, toward the cost of the health care benefits coverage under the New Jersey Educators Health Plan and the Garden State Health Plan. The percentages are specified in the bill. However, the contribution cannot be less than the contribution of 1.5% of salary that is required by current law.

The required contribution toward the cost of health care benefits coverage under the Garden State Health Plan will be one half of the percentages required for the New Jersey Educators Health Plan. However, the contribution cannot be less than the contribution of 1.5% of salary that is required by current law.

The amount of the annual contribution for either plan cannot exceed the amount that is the result of a calculation using the chart

established under P.L.2011, c.78 that was formerly applicable to determine a contribution that was a percentage of premium.

An employee who selects a plan other than the New Jersey Educators Health Plan or the Garden State Health Plan will be required to contribute toward the cost of coverage (1) in accordance with a collective negotiations agreement applicable to that employee as negotiated in accordance with certain requirements of P.L.2011, c.78; (2) as may be required at the discretion of the employer; or (3) as required by a provision of law, whichever is applicable to that employee.

The bill requires eligible employers that do not participate in the SEHBP to also offer the equivalent of the New Jersey Educators Health Plan beginning January 1, 2021, and the equivalent of the Garden State Health Plan beginning July 1, 2021. The level of benefits in these two plans will remain unchanged through December 31, 2027.

No new plans, other than the equivalent New Jersey Educators Health Plan and the equivalent Garden State Health Plan, may be provided during that period unless the provisions of collective negotiations agreements entered into before or after the effective date of this bill result in additional premium cost reductions. Health care benefits plans that existed before the effective date of the bill may continue to be offered by employers that do not participate in the SEHBP.

The employees of employers that do not participate in the SEHBP will also be required to make the contributions described above if they enroll in the equivalent New Jersey Educators Health Plan or the equivalent Garden State Health Plan. Eligible employers may modify, through collective negotiations agreements, the two plans and the contributions required for those plans, for the year beginning January 1, 2028 and thereafter. The enrollment provisions required for these employers for the new plans will be the same as those for the employers who participate in the SEHBP.

The bill requires that actual savings realized by a school district as a result of the implementation of this bill be used solely and exclusively by the school district for the purpose of reducing the amount that is required to be raised by the local property tax levy by the school district for school district purposes, except when a school district is spending below adequacy as calculated in accordance with N.J.S.A.18A:7F-70. When a cap on the annual increase in the property tax levy for a school district is imposed by law, the savings realized shall be deducted from the adjusted tax levy for the previous budget year and the difference shall serve as the basis for calculating the adjusted tax levy for the next year.

The bill requires certain annual reports from school districts.

The bill also requires the SEHBP to:

develop a guidance tool to provide employees and retirees with confidential consultations online with regard to the employee's or retiree's decision to select a plan during the period of open enrollment or at other times.

make a comprehensive health and wellness plan intended to provide biometric screening services, chronic condition coaching services, and smoking cessation services available to all SEHBP participants.

provide for the services, through a contract, of wellness related providers for employees and retirees, and their dependents, enrolled in the program, and offer this to employers who do not participate in the SEHBP.

promote, on an on-going basis, the expansion of the use of patient centered medical homes.

seek to adopt, on an on-going basis, efforts and measures to support expanded population health arrangements that manage costs and prevent inappropriate utilization.

The bill requires the State's actuary for the School Employees' Health Benefits Program, within 30 days after June 30, 2023, to issue a report validating a net annualized savings of at least \$300 million comparing plan year 2020, 2021, and 2022 that measures the implementation of the New Jersey Educators Plan and Garden State Health Plan, and the SEHBP NJ Direct 10 and the SEHBP NJ Direct 15 plans, provided by those school districts and county colleges both that participate and that do not participate in the School Employees' Health Benefits Program, inclusive of pre-Medicare retirees paid for by the State and the value of early plan design changes also implemented in Fiscal Year 2020. If the net annualized savings Statewide were less than \$300 million, the School Employees' Health Benefits Plan Design Committee must, within 60 days from the issuance of the actuary's report, make plan design changes, or adjustments to employee contributions, or both, for the New Jersey Educators Health Plan, or the Garden State Health Plan, or both, or also plan design changes to the SEHBP NJ Direct 10 or SEHBP NJ Direct 15 plans, or both, to make up the estimated shortfall over the remaining duration of the period covered by this bill ending December 31, 2027. If the committee is unable to agree upon the needed plan design changes or adjustments to employee contributions, or both, within the 60-day period to achieve the \$300 million in net annualized savings, the State Treasurer must construct and implement, within 45 days, plan design changes or adjustments to employee contributions, or both, necessary to achieve the savings, as validated by the State's actuary for the program, and implement such changes and adjustments.

If there is a shortfall, the committee or the State Treasurer must have a resolution for any shortfall no later than October 1, 2023 for implementation for January 1, 2024. The bill prohibits the use of monies from the claims stabilization reserve fund or equivalent fund



established or maintained for the School Employees' Health Benefits Program to pay incurred claims that have not yet been settled, for the actuary's calculations of savings.

The bill requires the modifications made to achieve the savings to be implemented by the SEHBP and by employers that do not participate in the SEHBP.

The bill requires employers that have collective negotiation agreements in effect on the effective date of this bill that include health care benefits coverage available to employees when the net cost to the employer is lower than the cost to the employer would be compared to the New Jersey Educators Health Plan to negotiate with the majority representative of the employees over the financial impact of the difference.

#### COMMITTEE AMENDMENTS

These amendments:

remove the provision of the bill that would have changed the plan year for the School Employees' Health Benefits Program so that the plan year will remain January 1 to December 31.

change the dates in this bill so that its provisions will apply January 1, 2021 through December 31, 2027.

affirm that employers participating in the School Employees' Health Benefits Program will retain the ability to enter the program for medical only plans and may separately purchase pharmacy and dental benefits outside of the program without limitation or restriction.

require those employees who commenced employment prior to the bill's effective date to select a plan for 2021 during the next enrollment period.

require those employees who commenced employment after the bill's effective date to be enrolled for 2021 through 2027 in the New Jersey Educators Health Plan, or the equivalent plan offered by boards of education that do not participate in the program, or the Garden State Health Plan or the equivalent plan if that plan is selected by the employee.

affirm the ability of an employee required to be enrolled in the New Jersey Educators Health Plan, or the equivalent plan offered by boards of education that do not participate in the program, to waive coverage or change type of coverage within that plan.

affirm that a dependent of a retiree who is not Medicare-eligible may remain enrolled in the New Jersey Educators Health Plan after the retiree becomes Medicare-eligible.

change references to "level of benefits" in the School Employees' Health Benefits Program to "plan designs".

require the implementation by January 1, 2024, by both the School Employees' Health Benefits Program and by employers that do not participate in the program, of any modifications to the program's plan designs or any adjustments to employee contributions rates, or both,

made by the School Employees' Health Benefits Plan Design Committee or the State Treasurer as required by the bill to attain a certain level of savings.

change references to the effective dates for out of network limits on chiropractic care, physical therapy care, and acupuncture care covered by the School Employees' Health Benefits Program.

require that the retirement allowance of certain retirees include any cost of living adjustment thereto when used to calculate the contribution to be paid by the retiree for health care costs in the School Employees' Health Benefits Program.

require the School Employees' Health Benefits Program to offer the contract for services of wellness related providers to employers and employees not participating in the program.

require a comprehensive health and wellness plan be available to all members of the School Employees' Health Benefits Program, and remove a reference that the School Employees' Health Benefits Plan Design Committee develop such a plan.

require the datasheet to be provided by school districts to indicate if the district participates in the School Employees' Health Benefits Program for medical or for medical and prescription drug benefits coverage.

require the State's actuary for the School Employees' Health Benefits Program, within 30 days after June 30, 2023, to issue a report validating a net annualized savings of at least \$300 million comparing plan year 2020, 2021, and 2022 that measures the implementation of the New Jersey Educators Plan and Garden State Health Plan, and the SEHBP NJ Direct 10 and the SEHBP NJ Direct 15 plans, provided by those school districts and county colleges both that participate and that do not participate in the School Employees' Health Benefits Program, inclusive of pre-Medicare retirees paid for by the State and the value of early plan design changes also implemented in Fiscal Year 2020.

provide that if the net annualized savings Statewide were less than \$300 million, the School Employees' Health Benefits Plan Design Committee must, within 60 days from the issuance of the actuary's report, make plan design changes, or adjustments to employee contributions, or both, for the New Jersey Educators Health Plan, or the Garden State Health Plan, or both, or also plan design changes to the SEHBP NJ Direct 10 or SEHBP NJ Direct 15 plans, or both, to make up the estimated shortfall over the remaining duration of the period covered by this bill ending December 31, 2027.

provide that if the committee is unable to agree upon the needed plan design changes or adjustments to employee contributions, or both, within the 60-day period to achieve the \$300 million in net annualized savings, the State Treasurer must construct and implement, within 45 days, plan design changes or adjustments to employee contributions, or both, necessary to achieve the savings, as validated by the State's actuary for the program, and implement such changes and adjustments.

provide that if there is a shortfall, the committee or the State Treasurer must have a resolution for any shortfall no later than October 1, 2023 for implementation for January 1, 2024.

prohibit the use of monies from the claims stabilization reserve fund or equivalent fund established or maintained for the School Employees' Health Benefits Program to pay incurred claims that have not yet been settled, for the actuary's calculations of savings.

require employers that have collective negotiation agreements in effect on the effective date of this bill that include health care benefits coverage available to employees when the net cost to the employer is lower than the cost to the employer would be compared to the New Jersey Educators Health Plan to negotiate with the majority representative of the employees over the financial impact of the difference.

The intent of the amendments with regard to the calculation of net annualized savings is that the calculation will be the result of taking the total savings and reducing that total by the amount of the reduction in contributions paid by employees and retirees in each year.

#### FISCAL IMPACT

The anticipated net savings associated with plan design changes offset by reductions in employee contributions are indeterminate. The savings from the restructuring of the plans offered by the SEHBP and equivalent plans required to be offered by non-SEHBP employers are indeterminate because migration is not predictable. The greatest savings are predicated on 100 percent migration to the new plans and various plan design changes. If the equivalent new plans are less expensive than the plans currently offered by non-SEHBP employers and employees migrate to those plans then non-SEHBP employers will experience greater savings. These savings will be offset by reductions in employee contributions of those members who choose to migrate to the new plans.

**ASSEMBLY, No. 20**

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**STATE OF NEW JERSEY**

**219th LEGISLATURE**

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INTRODUCED JUNE 25, 2020

**Sponsored by:**

**Assemblyman CRAIG J. COUGHLIN**

**District 19 (Middlesex)**

**Assemblywoman NANCY J. PINKIN**

**District 18 (Middlesex)**

**Assemblyman RONALD S. DANCER**

**District 12 (Burlington, Middlesex, Monmouth and Ocean)**

**Assemblywoman VERLINA REYNOLDS-JACKSON**

**District 15 (Hunterdon and Mercer)**

**Assemblywoman MILA M. JASEY**

**District 27 (Essex and Morris)**

**Assemblywoman BETTYLOU DECROCE**

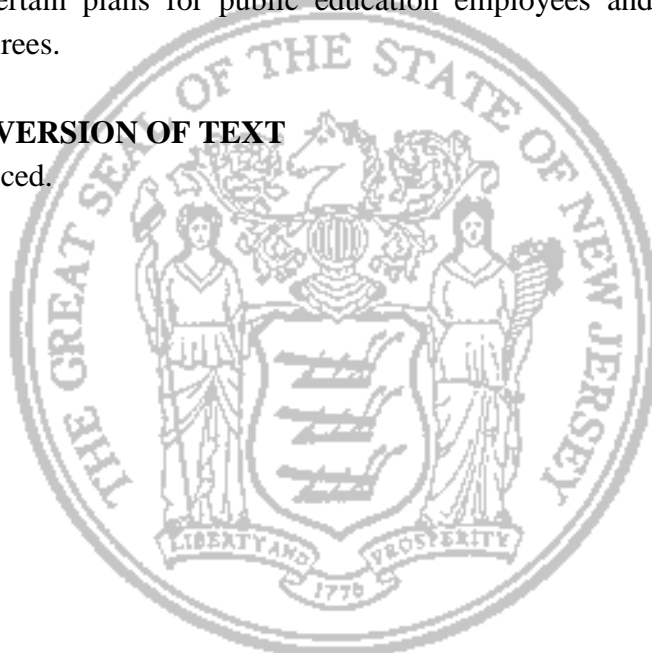
**District 26 (Essex, Morris and Passaic)**

**SYNOPSIS**

Requires SEHBP and eligible employers that do not participate in the SEHBP to provide certain plans for public education employees and certain public education retirees.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning the health care benefits plans provided by the  
2 School Employees' Health Benefits Program and eligible  
3 employers that do not participate in the program, and  
4 supplementing P.L.2007, c.103 (C.52:14-17.46.1 et seq.) and  
5 P.L.1979, c.391 (C.18A:16-12 et seq.).  
6

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

10 1. This section shall apply to the School Employees' Health  
11 Benefits Program (SEHBP) and to those employers defined pursuant  
12 to section 32 of P.L.2007, c.103 (C.52:14-17.46.2) that participate in  
13 the program.

14 a. Notwithstanding the provisions of any other law, rule, or  
15 regulation to the contrary, each plan year for the School Employees'  
16 Health Benefits Program shall commence on each July 1 and end on  
17 June 30 of the following year, commencing on July 1, 2020 and on  
18 each July 1 thereafter.

19 b. (1) Notwithstanding the provisions of any other law, rule, or  
20 regulation to the contrary, beginning with the plan year that  
21 commences July 1, 2020 and for each plan year thereafter, the School  
22 Employees' Health Benefits Program shall offer only three plans that  
23 provide medical and prescription drug benefits for employees, and  
24 retirees who are not Medicare-eligible, and their dependents if any.  
25 All other plans offered prior to July 1, 2020 for employees, and  
26 retirees who are not Medicare-eligible, and their dependents if any,  
27 shall be terminated.

28 The three plans shall be the New Jersey Educators Health Plan as  
29 developed by the School Employees' Health Benefits Plan Design  
30 Committee in accordance with subsection g. of this section; the  
31 SEHBP NJ Direct 10 plan as adopted and implemented by the School  
32 Employees' Health Benefits Commission for the plan year that began  
33 January 1, 2020; and the SEHBP NJ Direct 15 plan as adopted and  
34 implemented by the School Employees' Health Benefits Commission  
35 for the plan year that began January 1, 2020.

36 (2) Only the plans set forth in this section shall be offered by the  
37 program regardless of any collective negotiations agreement between  
38 a participating employer and its employees in effect on the effective  
39 date of this act, P.L. , c. (pending before the Legislature as this  
40 bill), that provides for enrollment in other plans that were offered by  
41 the program prior to July 1, 2020.

42 (3) The School Employees' Health Benefits Commission may  
43 delay the date of implementation of plan offerings, plan terminations,  
44 and enrollments as set forth in this section until a date after July 1,  
45 2020, but not later than August 1, 2020, if the commission deems the  
46 delay to be necessary. The commission may delay implementation  
47 until a date, as soon as possible, after July 1, 2020 by which date the  
48 commission determines that implementation will be practicable. The

1 commission shall state in writing the reasons for the delay. Under no  
2 circumstances shall implementation occur later than August 1, 2020.

3 c. Prior to July 1, 2020, the program, through the Division of  
4 Pensions and Benefits in the Department of the Treasury, shall  
5 provide for a special enrollment period during which all employees  
6 shall be required to select affirmatively one of the three plans  
7 specified in subsection b. of this section. If an employee fails to  
8 select affirmatively a plan during this special enrollment period, the  
9 program shall enroll the employee, and the employee's dependents if  
10 any, in the New Jersey Educators Health Plan for the plan year  
11 beginning July 1, 2020 and ending June 30, 2021.

12 During the special enrollment period, any person who is enrolled  
13 in a plan offered by the program and who is paying the full cost of  
14 health care benefits coverage shall also be required to select  
15 affirmatively one of the three plans specified in subsection b. of this  
16 section. If a person fails to select affirmatively a plan during this  
17 special enrollment period, the program shall enroll the person, and  
18 the person's dependents if any, in the New Jersey Educators Health  
19 Plan for the plan year beginning July 1, 2020 and ending June 30,  
20 2021. Any such person shall continue to pay the full cost of coverage  
21 and shall not be subject to the contribution schedule or any  
22 mandatory enrollment period as set forth in this section and section  
23 2 of this act.

24 d. (1) An employee commencing employment on or after July  
25 1, 2020 but before July 1, 2027 who does not waive coverage shall  
26 be enrolled by the program, with the employee's dependents if any,  
27 in the New Jersey Educators Health Plan. The employee shall remain  
28 enrolled in that plan for each plan year through the plan year that  
29 ends June 30, 2027. For the plan year beginning July 1, 2027, the  
30 employee may select, during any open enrollment period or at such  
31 other times or under such conditions as the program may provide,  
32 any plan offered by the program.

33 (2) For the plan year beginning July 1, 2020, the program shall  
34 enroll a retiree who is not Medicare-eligible, and the retiree's  
35 dependents if any, in the New Jersey Educators Health Plan for health  
36 care benefits coverage as a retiree, if the retiree does not waive  
37 coverage. The retiree shall remain enrolled in that plan for each plan  
38 year through the plan year that ends June 30, 2027 or until the retiree  
39 becomes eligible for Medicare, whichever comes first. The retiree  
40 who becomes eligible for Medicare shall no longer be eligible for  
41 enrollment in the New Jersey Educators Health Plan. For the plan  
42 year beginning July 1, 2027, that retiree who is not Medicare-eligible  
43 may select, during any open enrollment period or at such other times  
44 or under such conditions as the program may provide, any plan  
45 offered by the program.

46 (3) Except as otherwise provided in this subsection or subsection  
47 c. of this section, selection of a plan shall be at the sole discretion of  
48 the employee or retiree who is not Medicare-eligible.

1 e. Beginning with the plan year that commences July 1, 2021  
2 and for each plan year thereafter, the program shall offer a fourth plan  
3 to be called the Garden State Health Plan. The plan shall be  
4 developed by the School Employees' Health Benefits Plan Design  
5 Committee. If the committee does not adopt a design for the Garden  
6 State Health Plan by December 31, 2020, the Division of Pensions  
7 and Benefits in the Department of the Treasury shall develop the  
8 Garden State Health Plan.

9 The Garden State Health Plan shall provide medical and  
10 prescription drug benefits that are equivalent to the level of medical  
11 and prescription drug benefits provided by the New Jersey Educators  
12 Health Plan, except that the benefits under the Garden State Health  
13 Plan shall be available only from providers located in the State of  
14 New Jersey.

15 Access to a service provider that is located outside of the State  
16 shall be available only under such conditions, restrictions, and  
17 limitations as the plan design committee or the division, as  
18 appropriate, shall provide.

19 f. The level of benefits in the New Jersey Educators Health Plan,  
20 the Garden State Health Plan, the NJ Direct 10 plan, and the NJ Direct  
21 15 plan as those plans are specified in subsection b., e., and g. of this  
22 section shall remain unchanged until June 30, 2027. No change in  
23 the level of benefits in those plans shall be made before that date  
24 unless such a change is required by federal or State law to  
25 governmental health care benefits plans or to both governmental and  
26 non-governmental health care benefits plans.

27 For the plan year that commences July 1, 2027 and for each plan  
28 year thereafter, the level of benefits in the New Jersey Educators  
29 Health Plan, the Garden State Health Plan, the NJ Direct 10 plan, and  
30 the NJ Direct 15 plan as those plans are specified in subsection b., e.,  
31 and g. of this section may be modified by the School Employees'  
32 Health Benefits Plan Design Committee.

33 g. The benefits in the New Jersey Educators Health Plan shall  
34 include the following:  
35

In Network Benefits	Coverage
Member Coinsurance:	10%, Applies Only to Emergency Transportation Care and Durable Medical Equipment
Deductible:	N/A
Out-of-Pocket Maximum:	\$500 Single/ \$1,000 Family (covers all copayments, coinsurance, and deductible)

**A20 COUGHLIN, PINKIN**

5

Emergency Room Copayment: \$125 (To be Waived if Admitted)

PCP Office Visit Copayment: \$10

Specialist Office Visit Copayment \$15

Out-of-Network Benefits Coverage

Member Coinsurance: 30% of the Out-of-Network Fee Schedule

Deductible: \$350 / \$700

Out-of-Pocket Maximum: \$2,000 Single / \$5,000 Family

Routine Lab: Paid at Out-of-Network Benefit Level

Out-of-Network Fee Schedule: 200% of CMS - Medicare

Pharmacy

Out-of-Pocket Maximum: \$1,600 Single / \$3,200 Family (Indexed Annually Pursuant to Federal Law)

Generic Copayment: \$5 Retail 30 Day Supply / \$10 Mail 90 Day Supply

Brand Copayment: \$10 Retail 30 Day Supply/ \$20 Mail 90 Day Supply

Mandatory Generic: Member Pays Difference in Cost Between Generic and Brand, Plus Brand Copayment

Formulary: PBM's Closed Formulary

Other

Chiropractic, Physical Therapy, and Acupuncture: Subject to Out-of-Network Limits as for the State Health Benefits Program to take effect as of April 1, 2020, or as soon thereafter as reasonably practicable.



1 Under a patient centered medical home model, there shall be no  
2 office visit copay for primary care for participants who select and  
3 lock into a patient centered medical home for primary care.  
4

5 h. Any plan offered by the School Employees' Health Benefits  
6 Program shall require that chiropractic, physical therapy, and  
7 acupuncture benefits shall be subject to the same out-of-network  
8 limits as for the State Health Benefits Program that are to take effect  
9 as of April 1, 2020 or as soon thereafter as reasonably practicable.  
10

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

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

28 For Base Salary or Retirement Allowance of more than \$40,000 to  
29 \$50,000: 1.9% for Single Coverage; 2.5% for Parent and Child(ren)  
30 Coverage; 3.3% for Employee and Spouse Coverage; and 3.9% for  
31 Family Coverage  
32

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

38 For Base Salary or Retirement Allowance of more than \$60,000 to  
39 \$70,000: 2.5% for Single Coverage; 3% for Parent and Child(ren)  
40 Coverage; 4.4% for Employee and Spouse Coverage; and 5% for  
41 Family Coverage  
42

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

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

5

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

10

11 For Base Salary or Retirement Allowance of more than \$100,000 to  
12 \$125,000:

13 3.6% for Single Coverage; 4.4% for Parent and Child(ren) Coverage;  
14 6.6% for Employee and Spouse Coverage; and 7.2% for Family  
15 Coverage

16

17 When the base salary or retirement allowance is more than  
18 \$125,000, the percent to be contributed shall be the same as for a base  
19 salary or retirement allowance of \$125,000.

20

21 b. Each employee, and retiree who is not Medicare-eligible and  
22 who is required by another provision of law to contribute in  
23 retirement toward the cost of health care benefits coverage under the  
24 program, shall contribute annually toward the cost of health care  
25 benefits coverage for the employee and retiree, and dependents if  
26 any, under the Garden State Health Plan offered by the School  
27 Employees' Health Benefits Program an amount equal to a  
28 percentage of the employee's annual salary or retiree's annual  
29 retirement allowance. The contribution shall be withheld by the  
30 employer from the salary of the employee or by the retirement system  
31 from the retirement allowance of the retiree who is not Medicare-  
32 eligible. The percent to be contributed shall be one-half of the  
33 percentage set forth in subsection a. of this section for the salary or  
34 retirement allowance range and type of coverage, except that the  
35 contribution specified in this subsection shall not be less than the  
36 minimum annual contribution for health care benefits coverage of  
37 1.5% of salary or retirement allowance as required by law.

38

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

47

48 (2) Only those retirees who are not Medicare-eligible and who are  
required by another provision of law to contribute in retirement

1 toward the cost of health care coverage under the program shall be  
2 required to pay the contribution specified in subsection a. or b. of this  
3 section for coverage under the New Jersey Educators Health Plan or  
4 the Garden State Health Plan.

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

17 d. Employees who are not enrolled in the New Jersey Educators  
18 Health Plan or the Garden State Health Plan shall continue, after the  
19 effective date of this act, P.L. , c. (pending before the Legislature  
20 as this bill), to contribute to health care benefits coverage and those  
21 contributions shall be determined in accordance with what is  
22 permitted or required by provisions of law.

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

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

1 than the New Jersey Educators Health Plan or the Garden State  
2 Health Plan.

3 e. For an employee, the annual base salary paid by the employer  
4 for the position held by the employee shall be used to identify the  
5 percentage to be used to calculate the annual contribution required  
6 under subsections a. and b. of section 2 of this act. For a retiree who  
7 is not Medicare-eligible, the annual retirement allowance received by  
8 the retiree shall be used to identify the percentage to be used to  
9 calculate the annual contribution required under subsections a. and b.  
10 of section 2 of this act.

11 f. The annual contribution by an employee or a retiree who is  
12 not Medicare-eligible as calculated in accordance with subsection a.  
13 or b. of this section shall not exceed the amount as calculated in  
14 accordance with section 4 of this act, P.L. , c. (C. )(pending  
15 before the Legislature as this bill).

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

26 h. For the plan year that commences on July 1, 2027 and for each  
27 plan year thereafter, the contributions required pursuant to  
28 subsections a. and b. of this section for employees enrolled in the  
29 New Jersey Educators Health Plan or the Garden State Health Plan  
30 may be modified through collective negotiations agreements entered  
31 into between the employers who participate in the School  
32 Employees' Health Benefits Program and their employees. The  
33 contributions required pursuant to subsections a. and b. of this section  
34 shall become part of the parties' collective negotiations and shall then  
35 be subject to collective negotiations in a manner similar to other  
36 negotiable items between the parties. Negotiations concerning  
37 contributions for health care benefits shall be conducted as if the  
38 contributions required pursuant to subsections a. and b. of this section  
39 were included in the prior contract. The contribution scheme of  
40 percentage of base salary set forth in those subsections may be  
41 modified or a new contribution scheme or method other than a  
42 percentage of salary may be provided for in accordance with a  
43 collective negotiations agreement.

44  
45 3. a. The School Employees' Health Benefits Commission shall  
46 prepare, in coordination with the Division of Pensions and Benefits  
47 in the Department of the Treasury, a guidance tool to provide  
48 employees and retirees who is not Medicare-eligible with

1 confidential consultations online with regard to the employee's or  
2 retiree's decision to select a plan during a period of open enrollment  
3 or at other times. The guidance tool shall operate using information  
4 supplied by the employee or retiree as answers to questions  
5 concerning the health care needs of the employee or retiree, and the  
6 employee's or retiree's dependents if any.

7 b. The School Employees' Health Benefits Plan Design  
8 Committee shall develop a comprehensive health and wellness plan  
9 intended to provide biometric screening services, chronic condition  
10 coaching services, and smoking cessation services.

11 The School Employees' Health Benefits Commission shall  
12 provide, through a contract, for the services of wellness related  
13 providers for employees and retirees, and their dependents if any,  
14 enrolled in the program. The contract awarded by the commission  
15 shall provide access to those services for employers, as defined in  
16 section 32 of P.L.2007, c.103 (C.52:14-17.46.2), who do not  
17 participate in the program so that their employees may have access  
18 to the same services and under same terms, conditions, and costs as  
19 the employees of employers who do participate.

20 The School Employees' Health Benefits Program shall promote,  
21 on an on-going basis, the expansion of the use of patient centered  
22 medical homes.

23 The School Employees' Health Benefits Plan Design Committee  
24 shall seek also to adopt, on an on-going basis, efforts and measures  
25 to support expanded population health arrangements that manage  
26 costs and prevent inappropriate utilization.

27 c. All provisions of law regarding the School Employees' Health  
28 Benefits Program shall remain applicable to the extent not  
29 inconsistent with, and shall not be interpreted in a manner that creates  
30 a direct impediment to the implementation of, this section and  
31 sections 1, 2, and 4 of this act, P.L. , c. (C. )(pending before  
32 the Legislature as this bill).

33

34 4. For employees and retirees who are not Medicare-eligible  
35 who are required to make a contribution pursuant to subsection a. or  
36 b. of section 2, or subsection d. of section 5, of this act, P.L. ,  
37 c. (C. )(pending before the Legislature as this bill), due to  
38 enrollment in the New Jersey Educators Health Plan or the Garden  
39 State Health Plan, or the equivalent plan, as appropriate, a calculation  
40 shall be made in accordance with this section. The employee or  
41 retiree shall be required to contribute the lesser of: the amount  
42 calculated for that employee or retiree in accordance with subsection  
43 a. or b. of section 2, or in accordance subsection d. of section 5, of  
44 this act, as appropriate; or the amount calculated for that employee  
45 or retiree in accordance with this section.

46

47 for family coverage or its equivalent -

- 1 an employee or retiree who earns less than \$25,000 shall pay 3
- 2 percent of the cost of coverage;
- 3 an employee or retiree who earns \$25,000 or more but less than
- 4 \$30,000 shall pay 4 percent of the cost of coverage;
- 5 an employee or retiree who earns \$30,000 or more but less than
- 6 \$35,000 shall pay 5 percent of the cost of coverage;
- 7 an employee or retiree who earns \$35,000 or more but less than
- 8 \$40,000 shall pay 6 percent of the cost of coverage;
- 9 an employee or retiree who earns \$40,000 or more but less than
- 10 \$45,000 shall pay 7 percent of the cost of coverage;
- 11 an employee or retiree who earns \$45,000 or more but less than
- 12 \$50,000 shall pay 9 percent of the cost of coverage;
- 13 an employee or retiree who earns \$50,000 or more but less than
- 14 \$55,000 shall pay 12 percent of the cost of coverage;
- 15 an employee or retiree who earns \$55,000 or more but less than
- 16 \$60,000 shall pay 14 percent of the cost of coverage;
- 17 an employee or retiree who earns \$60,000 or more but less than
- 18 \$65,000 shall pay 17 percent of the cost of coverage;
- 19 an employee or retiree who earns \$65,000 or more but less than
- 20 \$70,000 shall pay 19 percent of the cost of coverage;
- 21 an employee or retiree who earns \$70,000 or more but less than
- 22 \$75,000 shall pay 22 percent of the cost of coverage;
- 23 an employee or retiree who earns \$75,000 or more but less than
- 24 \$80,000 shall pay 23 percent of the cost of coverage;
- 25 an employee or retiree who earns \$80,000 or more but less than
- 26 \$85,000 shall pay 24 percent of the cost of coverage;
- 27 an employee or retiree who earns \$85,000 or more but less than
- 28 \$90,000 shall pay 26 percent of the cost of coverage;
- 29 an employee or retiree who earns \$90,000 or more but less than
- 30 \$95,000 shall pay 28 percent of the cost of coverage;
- 31 an employee or retiree who earns \$95,000 or more but less than
- 32 \$100,000 shall pay 29 percent of the cost of coverage;
- 33 an employee or retiree who earns \$100,000 or more but less than
- 34 \$110,000 shall pay 32 percent of the cost of coverage;
- 35 an employee or retiree who earns \$110,000 or more shall pay 35
- 36 percent of the cost of coverage
- 37
- 38 for individual coverage or its equivalent -
- 39 an employee or retiree who earns less than \$20,000 shall pay 4.5
- 40 percent of the cost of coverage;
- 41 an employee or retiree who earns \$20,000 or more but less than
- 42 \$25,000 shall pay 5.5 percent of the cost of coverage;
- 43 an employee or retiree who earns \$25,000 or more but less than
- 44 \$30,000 shall pay 7.5 percent of the cost of coverage;
- 45 an employee or retiree who earns \$30,000 or more but less than
- 46 \$35,000 shall pay 10 percent of the cost of coverage;
- 47 an employee or retiree who earns \$35,000 or more but less than
- 48 \$40,000 shall pay 11 percent of the cost of coverage;

1 an employee or retiree who earns \$40,000 or more but less than  
2 \$45,000 shall pay 12 percent of the cost of coverage;  
3 an employee or retiree who earns \$45,000 or more but less than  
4 \$50,000 shall pay 14 percent of the cost of coverage;  
5 an employee or retiree who earns \$50,000 or more but less than  
6 \$55,000 shall pay 20 percent of the cost of coverage;  
7 an employee or retiree who earns \$55,000 or more but less than  
8 \$60,000 shall pay 23 percent of the cost of coverage;  
9 an employee or retiree who earns \$60,000 or more but less than  
10 \$65,000 shall pay 27 percent of the cost of coverage;  
11 an employee or retiree who earns \$65,000 or more but less than  
12 \$70,000 shall pay 29 percent of the cost of coverage;  
13 an employee or retiree who earns \$70,000 or more but less than  
14 \$75,000 shall pay 32 percent of the cost of coverage;  
15 an employee or retiree who earns \$75,000 or more but less than  
16 \$80,000 shall pay 33 percent of the cost of coverage;  
17 an employee or retiree who earns \$80,000 or more but less than  
18 \$95,000 shall pay 34 percent of the cost of coverage;  
19 an employee or retiree who earns \$95,000 or more shall pay 35  
20 percent of the cost of coverage;  
21  
22 for member with child or spouse coverage or its equivalent -  
23 an employee or retiree who earns less than \$25,000 shall pay 3.5  
24 percent of the cost of coverage;  
25 an employee or retiree who earns \$25,000 or more but less than  
26 \$30,000 shall pay 4.5 percent of the cost of coverage;  
27 an employee or retiree who earns \$30,000 or more but less than  
28 \$35,000 shall pay 6 percent of the cost of coverage;  
29 an employee or retiree who earns \$35,000 or more but less than  
30 \$40,000 shall pay 7 percent of the cost of coverage;  
31 an employee or retiree who earns \$40,000 or more but less than  
32 \$45,000 shall pay 8 percent of the cost of coverage;  
33 an employee or retiree who earns \$45,000 or more but less than  
34 \$50,000 shall pay 10 percent of the cost of coverage;  
35 an employee or retiree who earns \$50,000 or more but less than  
36 \$55,000 shall pay 15 percent of the cost of coverage;  
37 an employee or retiree who earns \$55,000 or more but less than  
38 \$60,000 shall pay 17 percent of the cost of coverage;  
39 an employee or retiree who earns \$60,000 or more but less than  
40 \$65,000 shall pay 21 percent of the cost of coverage;  
41 an employee or retiree who earns \$65,000 or more but less than  
42 \$70,000 shall pay 23 percent of the cost of coverage;  
43 an employee or retiree who earns \$70,000 or more but less than  
44 \$75,000 shall pay 26 percent of the cost of coverage;  
45 an employee or retiree who earns \$75,000 or more but less than  
46 \$80,000 shall pay 27 percent of the cost of coverage;  
47 an employee or retiree who earns \$80,000 or more but less than  
48 \$85,000 shall pay 28 percent of the cost of coverage;

1 an employee or retiree who earns \$85,000 or more but less than  
2 \$100,000 shall pay 30 percent of the cost of coverage.

3 an employee or retiree who earns \$100,000 or more shall pay 35  
4 percent of the cost of coverage.

5

6 The annual base salary of an employee shall be used to determine  
7 what the employee earns for the purpose of determining the percent  
8 of the cost of coverage. The annual retirement allowance of a retiree  
9 who is not Medicare-eligible shall be used to determine what the  
10 retiree earns for the purpose of determining the percent of the cost of  
11 coverage.

12 As used in this section, "cost of coverage" means the premium or  
13 periodic charges for medical and prescription drug plan coverage, but  
14 not for dental, vision, or other health care, provided: (1) under the  
15 New Jersey Educators Health Plan or the Garden State Health Plan  
16 offered by the School Employees' Health Benefits Program pursuant  
17 to section 1 of P.L. , c. (C. )(pending before the Legislature as  
18 this bill); or (2) under the equivalent New Jersey Educators Health  
19 Plan or the equivalent Garden State Health Plan offered by an  
20 employer pursuant to section 5 of P.L. c. (C. (pending  
21 before the Legislature as this bill) when that employer is not a  
22 participant in the School Employees' Health Benefits Program.

23

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

27 a. (1) Notwithstanding the provisions of any other law, rule, or  
28 regulation to the contrary, beginning July 1, 2020 and for each plan  
29 year thereafter, a board of education as an employer providing health  
30 care benefits coverage for its employees, and their dependents if any,  
31 in accordance with P.L.1979, c.391 (C.18A:16-12 et seq.) shall offer  
32 to its employees, and their dependents if any, the equivalent of the  
33 New Jersey Educators Health Plan in the School Employees' Health  
34 Benefits Program as that plan is described in section 1 of P.L. , c.  
35 (C. )(pending before the Legislature as this bill).

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

43 (2) The plans under this section shall be offered by the employer  
44 regardless of any collective negotiations agreement between the  
45 employer and its employees in effect on the effective date of this act,  
46 P.L. , c. (pending before the Legislature as this bill), that provides  
47 for enrollment in other plans offered by the employer.



1 No new health care benefits plans, other than those specified in  
2 paragraph (1) of this subsection, shall be added by the employer from  
3 July 1, 2020 through June 30, 2027 unless the provisions of any  
4 collective negotiations agreement entered into before or after the  
5 effective date of this act, P.L. , c. (pending before the Legislature  
6 as this bill), result in additional premium cost reductions. Nothing in  
7 this section shall prohibit an employer from offering health care  
8 benefits plans that existed prior to the effective date of this act.

9 (3) Commencing July 1, 2027, the employer may offer such other  
10 plans as may be required in accordance with any collective  
11 negotiations agreement between the employer and its employees.

12 (4) An employer may delay implementation of plan offerings and  
13 enrollments as set forth in this section until a date after July 1, 2020,  
14 but not later than August 1, 2020, if the employer deems the delay to  
15 be necessary. The employer may delay implementation until a date,  
16 as soon as possible, after July 1, 2020 by which date the employer  
17 determines that implementation will be practicable. The employer  
18 shall state in writing the reasons for the delay and shall submit that  
19 statement to the School Employees' Health Benefits Commission.  
20 Under no circumstances shall implementation occur later than  
21 August 1, 2020.

22 b. Prior to July 1, 2020, each employer shall provide a special  
23 enrollment period during which all employees shall be required to  
24 select affirmatively a plan provided by the employer. If an employee  
25 fails to select affirmatively a plan during this special enrollment  
26 period, the employer shall enroll the employee, and the employee's  
27 dependents if any, in the equivalent New Jersey Educators Health  
28 Plan for the year July 1, 2020 until June 30, 2021.

29 During the special enrollment period, each person who is enrolled  
30 in a plan offered by the employer and who is paying the full cost of  
31 coverage shall also be required to select affirmatively a plan provided  
32 by the employer. If a person fails to select affirmatively a plan during  
33 this special enrollment period, the employer shall enroll the person,  
34 and the person's dependents if any, in the equivalent New Jersey  
35 Educators Health Plan for the year July 1, 2020 until June 30, 2021.  
36 Any such person shall continue to pay the full cost of coverage and  
37 shall not be subject to the contribution schedule or any mandatory  
38 enrollment period as set forth in this section.

39 c. (1) An employee commencing employment on or after July  
40 1, 2020 but before July 1, 2027 who does not waive coverage, shall  
41 be enrolled by the employer in the equivalent New Jersey Educators  
42 Health Plan. The employee shall remain enrolled in that plan for each  
43 plan year until June 30, 2027. Beginning July 1, 2027, the employee  
44 may select, during any open enrollment period or at such other times  
45 or under such conditions as the employer may provide, any plan  
46 offered by the employer.

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

4 d. An employee shall contribute annually toward the cost of  
5 health care benefits coverage for the employee, and employee's  
6 dependents if any, the amount specified, in the manner specified, in  
7 subsection a. or b. of section 2 of this act, P.L. , c. (C. )(pending  
8 before the Legislature as this bill), if the employee, and the  
9 employee's dependents if any, are enrolled in the equivalent New  
10 Jersey Educators Health Plan or the equivalent Garden State Health  
11 Plan. An employee's contribution toward the cost of coverage under  
12 the equivalent Garden State Health Plan shall be the amount required  
13 in subsection b. of section 2 of this act, except that the contribution  
14 specified in that subsection shall not be less than the minimum annual  
15 contribution for health care benefits coverage of 1.5% of salary as  
16 required by law.

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

26 (2) Employees who are not enrolled in the equivalent New Jersey  
27 Educators Health Plan or the equivalent Garden State Health Plan  
28 shall continue, after the effective date of this act, P.L. , c.  
29 (pending before the Legislature as this bill), to contribute to health  
30 care benefits coverage and those contributions shall be determined in  
31 accordance with what is permitted or required by provisions of law.

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

42 With regard to contributions by an employee who is enrolled in a  
43 plan other than the equivalent New Jersey Educators Health Plan or  
44 the equivalent Garden State Health Plan, no provision in this section  
45 shall be deemed to modify, alter, impair, or terminate the requirement  
46 in sections 77 and 78 of P.L.2011, c.78 (C.18A:16-17.2 and C.52:14-  
47 17.28e), as applicable, that a public employer and employees who are  
48 in negotiations for the collective negotiations agreement to be

1 executed after the employees in that unit had reached full  
2 implementation of the premium share set forth in section 39 of  
3 P.L.2011, c.78 (C.52:14-17.28c) shall conduct negotiations  
4 concerning contributions for health care benefits as if the full  
5 premium share was included in the prior contract. Nothing in this act  
6 shall be deemed to modify, alter, impair, or terminate the continued  
7 compliance after the effective date of this act with that requirement  
8 for negotiations for any collective negotiations agreement for  
9 employee contributions for plans other than the equivalent New  
10 Jersey Educators Health Plan or the equivalent Garden State Health  
11 Plan.

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

16 f. The annual contribution by an employee as calculated in  
17 accordance with subsection a. or b. of section 2 of this act shall not  
18 exceed the amount as calculated in accordance with section 4 of this  
19 act.

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

25 h. The level of benefits in the equivalent New Jersey Educators  
26 Health Plan and the equivalent Garden State Health Plan offered by  
27 the employer shall remain unchanged until June 30, 2027. No change  
28 in the level of benefits in those plans shall be made before that date  
29 unless such a change is required by federal or State law to  
30 governmental health care benefits plans or to both governmental and  
31 non-governmental health care benefits plans.

32 Commencing July 1, 2027 and for each plan year thereafter, the  
33 level of benefits in the equivalent New Jersey Educators Health Plan  
34 and the equivalent Garden State Health Plan offered by the employer  
35 may be modified by the employer in accordance with collective  
36 negotiations agreements entered into between the employers who do  
37 not participate in the School Employees' Health Benefits Program  
38 and their employees, or as otherwise permitted by law.

39 i. Commencing July 1, 2027 and for each plan thereafter, the  
40 contributions required pursuant to subsections a. and b. of section 2  
41 of this act for employees enrolled in the equivalent New Jersey  
42 Educators Health Plan or the equivalent Garden State Health Plan  
43 may be modified in accordance with collective negotiations  
44 agreements enter into between the employers who do not participate  
45 in the School Employees' Health Benefits Program and their  
46 employees. The contributions required pursuant to subsections a. and  
47 b. of section 2 of this act shall become part of the parties' collective  
48 negotiations and shall then be subject to collective negotiations in a

1 manner similar to other negotiable items between the parties.  
2 Negotiations concerning contributions for health care benefits shall  
3 be conducted as if the contributions required pursuant to subsections  
4 a. and b. of section 2 of this act were included in the prior contract.  
5 The contribution scheme of the percentage of base salary set forth in  
6 those subsections may be modified or a new contribution scheme or  
7 method other than a percentage of salary may be provided for in  
8 accordance with a collective negotiations agreement.

9 j. This section shall also apply also when health care benefits  
10 coverage is provided though an insurance fund or joint insurance  
11 fund or any other manner. This section shall apply to any employer,  
12 as that term is defined in section 32 of P.L.2007, c.103 (C.52:14-  
13 17.46.2), that is not a participating employer in the School  
14 Employees' Health Benefits Program.

15

16 6. a. Actual savings realized by a school district as a result of  
17 the implementation of the provisions of P.L. , c. (C. )(pending  
18 before the Legislature as this bill) shall be used solely and  
19 exclusively by the school district for the purpose of reducing the  
20 amount that is required to be raised by the local property tax levy by  
21 the school district for school district purposes, except when a school  
22 district is spending below adequacy as calculated in accordance with  
23 section 1 of P.L.2018, c.67 (C.18A:7F-70).

24 When a cap on the annual increase in the property tax levy for a  
25 school district is imposed by law, the savings realized shall be  
26 deducted from the adjusted tax levy for the previous budget year and  
27 that reduced amount shall serve as the basis for calculating the  
28 adjusted tax levy for the next school year.

29 b. To enable tracking of health care cost savings by school  
30 districts, each school district shall submit an annual data sheet for  
31 both the current and prior year showing the Total Annual Cost of  
32 Health Benefits for Active Employees, the Total Employee Cost-  
33 Sharing Contribution, and the Net Cost to the School District for  
34 Health Benefits, including the Number of Covered Employees, the  
35 Annual Cost Estimate Per Employee, and the Total Cost for each  
36 coverage category – Single Coverage, Parent and Child, Employee  
37 and Spouse, and Family.

38 In addition, school districts shall provide separate breakouts of the  
39 same categories of data for health care coverage under all health care  
40 benefits plans offered by the employer. The datasheet shall also  
41 indicate whether the school district is enrolled in the School  
42 Employees' Health Benefits Program for medical and prescription  
43 drug benefits coverage. Reports shall be due no later than 60 days  
44 following each enrollment period to the Department of Education,  
45 the Division of Pensions and Benefits in the Department of the  
46 Treasury, and the Legislature.

47

48 7. This act shall take effect immediately.

STATEMENT

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This bill requires the School Employees' Health Benefits Program (SEHBP) to offer only three plans, beginning on July 1, 2020, for medical and prescription benefits coverage. The three plans will be the New Jersey Educators Health Plan; the SEHBP NJ Direct 10 plan as adopted and implemented by the School Employees' Health Benefits Commission for plan year 2020; and the SEHBP NJ Direct 15 plan as adopted and implemented by the School Employees' Health Benefits Commission for plan year 2020.

The SEHBP applies to the following employers who elect to participate in the SEHBP: local school district, regional school district, county vocational school district, county special services school district, jointure commission, educational services commission, State-operated school district, charter school, county college, any officer, board, or commission under the authority of the Commissioner of Education or of the State Board of Education, and any other public entity which is established pursuant to authority provided by Title 18A of the New Jersey Statutes, but excluding the State public institutions of higher education and excluding those public entities where the employer is the State of New Jersey. The provisions of this bill also apply under section 5 to these same employers even if they do not elect to participate in the SEHBP.

The New Jersey Educators Health Plan will have the benefits specified in the bill.

The plan offerings, plan terminations, and enrollments required by July 1, 2020, as set forth in this bill, may be delayed until a date after July 1, 2020, but not later than August 1, 2020, if the School Employees' Health Benefits Commission, or an employer that does not participate in the SEHBP, deems the delay to be necessary. The commission or employer may delay implementation until a date the commission or employer determines that implementation will be practicable. The commission or employer must state in writing the reasons for the delay. Under no circumstances shall implementation occur later than August 1, 2020.

The bill requires the SEHBP to provide a special enrollment period during which all employees will be required to select affirmatively one of the three plans. If an employee fails to select affirmatively a plan during this special enrollment period, the SEHBP will enroll the employee, and their dependents if any, in the New Jersey Educators Health Plan for plan year beginning July 1, 2020 and ending June 30, 2021.

The bill requires the SEHBP to enroll an employee who commences employment on or after July 1, 2020 but before July 1, 2027 in the New Jersey Educators Health Plan. For the plan year that commences July 1, 2027, the employee may select, during any open enrollment period, any one of the three plans provided by the SEHBP.

1 The bill requires the program, for the plan year beginning July 1,  
2 2020, to enroll any retiree who is not Medicare-eligible, and the  
3 retiree's dependents if any, in the New Jersey Educators Health Plan  
4 for health care benefits as a retiree. The retiree must remain in that  
5 plan until June 30, 2027 or until the retiree become eligible for  
6 Medicare, whichever comes first.

7 For the plan year that commences July 1, 2021, the SEHBP must  
8 also offer a Garden State Health Plan. The plan will be developed by  
9 the School Employees' Health Benefits Plan Design Committee. The  
10 Garden State Health Plan will provide medical and prescription drug  
11 benefits that are equivalent to the level of medical and prescription  
12 drug benefits provided by the New Jersey Educators Health Plan,  
13 except that the benefits under the Garden State Health Plan will be  
14 available only from providers located in the State of New Jersey with  
15 certain exceptions.

16 The level of benefits in the New Jersey Educators Health Plan, the  
17 Garden State Health Plan, the NJ Direct 10, and the NJ Direct 15 plan  
18 will remain unchanged until June 30, 2027. For the plan year that  
19 commences July 1, 2027, the benefits in the plans may be modified  
20 by the plan design committee. Employers that do not participate in  
21 the SEHBP may modify, through collective negotiations agreements,  
22 the employee contributions required for New Jersey Educators  
23 Health Plan and the Garden State Health Plan, beginning for the plan  
24 year that starts July 1, 2027 and thereafter.

25 The bill requires an employee, or a retiree who is not Medicare-  
26 eligible and who is required by law to contribute in retirement toward  
27 the cost of health care coverage under the program, to contribute  
28 annually a percentage of base salary or retirement allowance toward  
29 the cost of the health care benefits coverage under the New Jersey  
30 Educators Health Plan and the Garden State Health Plan. The  
31 percentages are specified in the bill. However, the contribution  
32 cannot be less than the contribution of 1.5% of salary that is required  
33 by current law.

34 The required contribution toward the cost of health care benefits  
35 coverage under the Garden State Health Plan will be one half of the  
36 percentages required for the New Jersey Educators Health Plan.  
37 However, the contribution cannot be less than the contribution of  
38 1.5% of salary that is required by current law.

39 The amount of the annual contribution for either plan cannot  
40 exceed the amount that is the result of a calculation using the chart  
41 established under P.L.2011, c.78 that was formerly applicable to  
42 determine a contribution that was a percentage of premium.

43 An employee who selects a plan other than the New Jersey  
44 Educators Health Plan or the Garden State Health Plan will be  
45 required to contribute toward the cost of coverage (1) in accordance  
46 with a collective negotiations agreement applicable to that employee  
47 as negotiated in accordance with certain requirements of P.L.2011,  
48 c.78; (2) as may be required at the discretion of the employer; or (3)

1 as required by a provision of law, whichever is applicable to that  
2 employee.

3 The bill requires eligible employers that do not participate in the  
4 SEHBP to also offer the equivalent of the New Jersey Educators  
5 Health Plan beginning July 1, 2020, and the equivalent of the Garden  
6 State Health Plan beginning July 1, 2021, until June 30, 2027. The  
7 level of benefits in these two plans will remain unchanged through  
8 June 30, 2027.

9 No new plans, other than the New Jersey Educators Health Plan  
10 and the Garden State Health Plan, may be provided during that period  
11 unless the provisions of collective negotiations agreements entered  
12 into before or after the effective of this bill result in additional  
13 premium cost reductions. Health care benefits plans that existed  
14 before the effective date of the bill may continue to be offered by  
15 employers that do not participate in the SEHBP.

16 The employees of employers that do not participate in the SEHBP  
17 will also be required to make the contributions described above if  
18 they enroll in the equivalent New Jersey Educators Health Plan or the  
19 equivalent Garden State Health Plan. Eligible employers may  
20 modify, through collective negotiations agreements, the two plans  
21 and the contributions required for those plans, for the year beginning  
22 July 1, 2027 and thereafter. The enrollment provisions required for  
23 these employers for the new plans will be the same as those for the  
24 employers who participate in the SEHBP.

25 The bill requires that actual savings realized by a school district  
26 as a result of the implementation of this bill be used solely and  
27 exclusively by the school district for the purpose of reducing the  
28 amount that is required to be raised by the local property tax levy by  
29 the school district for school district purposes, except when a school  
30 district is spending below adequacy as calculated in accordance with  
31 N.J.S.A.18A:7F-70. When a cap on the annual increase in the  
32 property tax levy for a school district is imposed by law, the savings  
33 realized shall be deducted from the adjusted tax levy for the previous  
34 budget year and the difference shall serve as the basis for calculating  
35 the adjusted tax levy for the next year.

36 The bill requires certain annual reports from school districts.

37 The bill also requires the SEHBP to:

38 develop a guidance tool to provide employees and retirees with  
39 confidential consultations online with regard to the employee's or  
40 retiree's decision to select a plan during the period of open  
41 enrollment or at other times.

42 develop a comprehensive health and wellness plan intended to  
43 provide biometric screening services, chronic condition coaching  
44 services, and smoking cessation services.

45 provide for the services, through a contract, of wellness related  
46 providers for employees and retirees, and their dependent, enrolled  
47 in the program, with access to those service for employers who do  
48 not participate in the SEHBP.

**A20 COUGHLIN, PINKIN**

21

- 1       promote, on an on-going basis, the expansion of the use of patient
- 2       centered medical homes.
- 3       seek to adopt, on an on-going basis, efforts and measures to
- 4       support expanded population health arrangements that manage costs
- 5       and prevent inappropriate utilization.



# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

### **ASSEMBLY, No. 20**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: JUNE 26, 2020

The Assembly Appropriations Committee reports favorably Assembly Bill No. 20 with committee amendments.

This bill requires the School Employees' Health Benefits Program (SEHBP) to offer only three plans, beginning on January 1, 2021, for medical and prescription benefits coverage. The three plans will be the New Jersey Educators Health Plan; the SEHBP NJ Direct 10 plan as adopted and implemented by the School Employees' Health Benefits Commission for plan year 2020; and the SEHBP NJ Direct 15 plan as adopted and implemented by the School Employees' Health Benefits Commission for plan year 2020.

The SEHBP applies to the following employers who elect to participate in the SEHBP: local school district, regional school district, county vocational school district, county special services school district, jointure commission, educational services commission, State-operated school district, charter school, county college, any officer, board, or commission under the authority of the Commissioner of Education or of the State Board of Education, and any other public entity which is established pursuant to authority provided by Title 18A of the New Jersey Statutes, but excluding the State public institutions of higher education and excluding those public entities where the employer is the State of New Jersey. The provisions of this bill also apply, under section 5, to these same employers even if they do not elect to participate in the SEHBP.

The New Jersey Educators Health Plan will have the benefits specified in the bill.

The bill requires the SEHBP to provide, during an enrollment period before January 1, 2021, that all employees who commenced employment before the effective date of the bill select affirmatively one of the three plans. If an employee fails to select affirmatively a plan during the enrollment period, the SEHBP will enroll the employee, and their dependents if any, in the New Jersey Educators Health Plan for plan year beginning January 1, 2021.

The bill requires the SEHBP, beginning January 1, 2021, to enroll an employee who commences employment on or after the effective date of the bill but before January 1, 2028 in the New Jersey Educators Health Plan, or in the Garden State Health Plan if the Garden State

Health Plan is selected by the employee. For the plan year that commences January 1, 2028, the employee may select, during any open enrollment period, any one of the plans provided by the SEHBP.

The bill requires the program, for the plan year beginning January 1, 2021, to enroll any retiree who is not Medicare-eligible, and the retiree's dependents if any, in the New Jersey Educators Health Plan for health care benefits as a retiree. The retiree must remain in that plan until December 31, 2027 or until the retiree become eligible for Medicare, whichever comes first.

Beginning July 1, 2021, the SEHBP must also offer a Garden State Health Plan. The plan will be developed by the School Employees' Health Benefits Plan Design Committee. The Garden State Health Plan will provide medical and prescription drug benefits that are equivalent to the level of medical and prescription drug benefits provided by the New Jersey Educators Health Plan, except that the benefits under the Garden State Health Plan will be available only from providers located in the State of New Jersey with certain exceptions.

The level of benefits in the New Jersey Educators Health Plan, the Garden State Health Plan, the NJ Direct 10, and the NJ Direct 15 plan will remain unchanged until December 31, 2027. For the plan year that commences January 1, 2028, the benefits in the plans may be modified by the plan design committee. Employers that do not participate in the SEHBP may modify, through collective negotiations agreements, the employee contributions required for New Jersey Educators Health Plan and the Garden State Health Plan, beginning for the plan year that starts January 1, 2028 and thereafter.

The bill requires an employee, or a retiree who is not Medicare-eligible and who is required by law to contribute in retirement toward the cost of health care coverage under the program, to contribute annually a percentage of base salary or retirement allowance, including any cost of living adjustment to that retirement allowance, toward the cost of the health care benefits coverage under the New Jersey Educators Health Plan and the Garden State Health Plan. The percentages are specified in the bill. However, the contribution cannot be less than the contribution of 1.5% of salary that is required by current law.

The required contribution toward the cost of health care benefits coverage under the Garden State Health Plan will be one half of the percentages required for the New Jersey Educators Health Plan. However, the contribution cannot be less than the contribution of 1.5% of salary that is required by current law.

The amount of the annual contribution for either plan cannot exceed the amount that is the result of a calculation using the chart established under P.L.2011, c.78 that was formerly applicable to determine a contribution that was a percentage of premium.

An employee who selects a plan other than the New Jersey Educators Health Plan or the Garden State Health Plan will be required to contribute toward the cost of coverage (1) in accordance with a collective negotiations agreement applicable to that employee as negotiated in accordance with certain requirements of P.L.2011, c.78; (2) as may be required at the discretion of the employer; or (3) as required by a provision of law, whichever is applicable to that employee.

The bill requires eligible employers that do not participate in the SEHBP to also offer the equivalent of the New Jersey Educators Health Plan beginning January 1, 2021, and the equivalent of the Garden State Health Plan beginning July 1, 2021. The level of benefits in these two plans will remain unchanged through December 31, 2027.

No new plans, other than the equivalent New Jersey Educators Health Plan and the equivalent Garden State Health Plan, may be provided during that period unless the provisions of collective negotiations agreements entered into before or after the effective date of this bill result in additional premium cost reductions. Health care benefits plans that existed before the effective date of the bill may continue to be offered by employers that do not participate in the SEHBP.

The employees of employers that do not participate in the SEHBP will also be required to make the contributions described above if they enroll in the equivalent New Jersey Educators Health Plan or the equivalent Garden State Health Plan. Eligible employers may modify, through collective negotiations agreements, the two plans and the contributions required for those plans, for the year beginning January 1, 2028 and thereafter. The enrollment provisions required for these employers for the new plans will be the same as those for the employers who participate in the SEHBP.

The bill requires that actual savings realized by a school district as a result of the implementation of this bill be used solely and exclusively by the school district for the purpose of reducing the amount that is required to be raised by the local property tax levy by the school district for school district purposes, except when a school district is spending below adequacy as calculated in accordance with N.J.S.A.18A:7F-70. When a cap on the annual increase in the property tax levy for a school district is imposed by law, the savings realized shall be deducted from the adjusted tax levy for the previous budget year and the difference shall serve as the basis for calculating the adjusted tax levy for the next year.

The bill requires certain annual reports from school districts.

The bill also requires the SEHBP to:

develop a guidance tool to provide employees and retirees with confidential consultations online with regard to the employee's or

retiree's decision to select a plan during the period of open enrollment or at other times.

make a comprehensive health and wellness plan intended to provide biometric screening services, chronic condition coaching services, and smoking cessation services available to all SEHBP participants.

provide for the services, through a contract, of wellness related providers for employees and retirees, and their dependents, enrolled in the program, and offer this to employers who do not participate in the SEHBP.

promote, on an on-going basis, the expansion of the use of patient centered medical homes.

seek to adopt, on an on-going basis, efforts and measures to support expanded population health arrangements that manage costs and prevent inappropriate utilization.

The bill requires the State's actuary for the School Employees' Health Benefits Program, within 30 days after June 30, 2023, to issue a report validating a net annualized savings of at least \$300 million comparing plan year 2020, 2021, and 2022 that measures the implementation of the New Jersey Educators Plan and Garden State Health Plan, and the SEHBP NJ Direct 10 and the SEHBP NJ Direct 15 plans, provided by those school districts and county colleges both that participate and that do not participate in the School Employees' Health Benefits Program, inclusive of pre-Medicare retirees paid for by the State and the value of early plan design changes also implemented in Fiscal Year 2020. If the net annualized savings Statewide were less than \$300 million, the School Employees' Health Benefits Plan Design Committee must, within 60 days from the issuance of the actuary's report, make plan design changes, or adjustments to employee contributions, or both, for the New Jersey Educators Health Plan, or the Garden State Health Plan, or both, or also plan design changes to the SEHBP NJ Direct 10 or SEHBP NJ Direct 15 plans, or both, to make up the estimated shortfall over the remaining duration of the period covered by this bill ending December 31, 2027. If the committee is unable to agree upon the needed plan design changes or adjustments to employee contributions, or both, within the 60-day period to achieve the \$300 million in net annualized savings, the State Treasurer must construct and implement, within 45 days, plan design changes or adjustments to employee contributions, or both, necessary to achieve the savings, as validated by the State's actuary for the program, and implement such changes and adjustments.

If there is a shortfall, the committee or the State Treasurer must have a resolution for any shortfall no later than October 1, 2023 for implementation for January 1, 2024. The bill prohibits the use of monies from the claims stabilization reserve fund or equivalent fund established or maintained for the School Employees' Health Benefits

Program to pay incurred claims that have not yet been settled, for the actuary's calculations of savings.

The bill requires the modifications made to achieve the savings to be implemented by the SEHBP and by employers that do not participate in the SEHBP.

The bill requires employers that have collective negotiation agreements in effect on the effective date of this bill that include health care benefits coverage available to employees when the net cost to the employer is lower than the cost to the employer would be compared to the New Jersey Educators Health Plan to negotiate with the majority representative of the employees over the financial impact of the difference.

#### COMMITTEE AMENDMENTS

These amendments:

remove the provision of the bill that would have changed the plan year for the School Employees' Health Benefits Program so that the plan year will remain January 1 to December 31.

change the dates in this bill so that its provisions will apply January 1, 2021 through December 31, 2027.

affirm that employers participating in the School Employees' Health Benefits Program will retain the ability to enter the program for medical only plans and may separately purchase pharmacy and dental benefits outside of the program without limitation or restriction.

require those employees who commenced employment prior to the bill's effective date to select a plan for 2021 during the next enrollment period.

require those employees who commenced employment after the bill's effective date to be enrolled for 2021 through 2027 in the New Jersey Educators Health Plan, or the equivalent plan offered by boards of education that do not participate in the program, or the Garden State Health Plan or the equivalent plan if that plan is selected by the employee.

affirm the ability of an employee required to be enrolled in the New Jersey Educators Health Plan, or the equivalent plan offered by boards of education that do not participate in the program, to waive coverage or change type of coverage within that plan.

affirm that a dependent of a retiree who is not Medicare-eligible may remain enrolled in the New Jersey Educators Health Plan after the retiree becomes Medicare-eligible.

change references to "level of benefits" in the School Employees' Health Benefits Program to "plan designs".

require the implementation by January 1, 2024, by both the School Employees' Health Benefits Program and by employers that do not participate in the program, of any modifications to the program's plan designs or any adjustments to employee contributions rates, or both, made by the School Employees' Health Benefits Plan Design

Committee or the State Treasurer as required by the bill to attain a certain level of savings.

change references to the effective dates for out of network limits on chiropractic care, physical therapy care, and acupuncture care covered by the School Employees' Health Benefits Program.

require that the retirement allowance of certain retirees include any cost of living adjustment thereto when used to calculate the contribution to be paid by the retiree for health care costs in the School Employees' Health Benefits Program.

require the School Employees' Health Benefits Program to offer the contract for services of wellness related providers to employers and employees not participating in the program.

require a comprehensive health and wellness plan be available to all members of the School Employees' Health Benefits Program, and remove a reference that the School Employees' Health Benefits Plan Design Committee develop such a plan.

require the datasheet to be provided by school districts to indicate if the district participates in the School Employees' Health Benefits Program for medical or for medical and prescription drug benefits coverage.

require the State's actuary for the School Employees' Health Benefits Program, within 30 days after June 30, 2023, to issue a report validating a net annualized savings of at least \$300 million comparing plan year 2020, 2021, and 2022 that measures the implementation of the New Jersey Educators Plan and Garden State Health Plan, and the SEHBP NJ Direct 10 and the SEHBP NJ Direct 15 plans, provided by those school districts and county colleges both that participate and that do not participate in the School Employees' Health Benefits Program, inclusive of pre-Medicare retirees paid for by the State and the value of early plan design changes also implemented in Fiscal Year 2020.

provide that if the net annualized savings Statewide were less than \$300 million, the School Employees' Health Benefits Plan Design Committee must, within 60 days from the issuance of the actuary's report, make plan design changes, or adjustments to employee contributions, or both, for the New Jersey Educators Health Plan, or the Garden State Health Plan, or both, or also plan design changes to the SEHBP NJ Direct 10 or SEHBP NJ Direct 15 plans, or both, to make up the estimated shortfall over the remaining duration of the period covered by this bill ending December 31, 2027.

provide that if the committee is unable to agree upon the needed plan design changes or adjustments to employee contributions, or both, within the 60-day period to achieve the \$300 million in net annualized savings, the State Treasurer must construct and implement, within 45 days, plan design changes or adjustments to employee contributions, or both, necessary to achieve the savings, as validated by the State's actuary for the program, and implement such changes and adjustments.

provide that if there is a shortfall, the committee or the State Treasurer must have a resolution for any shortfall no later than October 1, 2023 for implementation for January 1, 2024.

prohibit the use of monies from the claims stabilization reserve fund or equivalent fund established or maintained for the School Employees' Health Benefits Program to pay incurred claims that have not yet been settled, for the actuary's calculations of savings.

require employers that have collective negotiation agreements in effect on the effective date of this bill that include health care benefits coverage available to employees when the net cost to the employer is lower than the cost to the employer would be compared to the New Jersey Educators Health Plan to negotiate with the majority representative of the employees over the financial impact of the difference.

The intent of the amendments with regard to the calculation of net annualized savings is that the calculation will be the result of taking the total savings and reducing that total by the amount of the reduction in contributions paid by employees and retirees in each year.

#### FISCAL IMPACT

The anticipated net savings associated with plan design changes offset by reductions in employee contributions are indeterminate. The savings from the restructuring of the plans offered by the SEHBP and equivalent plans required to be offered by non-SEHBP employers are indeterminate because migration is not predictable. The greatest savings are predicated on 100 percent migration to the new plans and various plan design changes. If the equivalent new plans are less expensive than the plans currently offered by non-SEHBP employers and employees migrate to those plans then non-SEHBP employers will experience greater savings. These savings will be offset by reductions in employee contributions of those members who choose to migrate to the new plans.

# Governor Murphy Signs Legislation to Provide Chapter 78 Relief to New Jersey Educators

07/1/2020

**UNION TWP** – Governor Phil Murphy today signed legislation providing substantial health care cost savings for New Jersey’s educators while reducing costs for taxpayers, removing longstanding and onerous provisions resulting from a 2011 law known as Chapter 78.

The legislation (A20/S2273) is the result of collaborative negotiations between the Murphy Administration, legislative leadership, and the New Jersey Education Association (NJEA).

“With our state facing historic public health and economic challenges, it is more important than ever that we ensure access to high-quality, affordable health care for our educators, while also ensuring cost-savings for our taxpayers,” **said Governor Phil Murphy**. “I am proud to sign this bill into law and at long-last provide relief for our educators from Chapter 78. I thank the New Jersey Education Association, Senate President Sweeney, and Assembly Speaker Coughlin for their collaborative, good-faith negotiations.”

“These reforms will produce lasting financial savings for local taxpayers and educators at the same time they maintain quality health care for public workers,” **said Senate President Steve Sweeney**. “These achievements are even more important at this time as local governments experience severe fiscal problems because of the shutdown and the need for medical care is vital because of the pandemic. It is an innovative way to address the issues of healthcare costs and quality and it’s a real win for local property taxpayers who will see substantial and sustained savings.”

**Assembly bill sponsors, Assembly Speaker Craig Coughlin and Assemblymembers Nancy Pinkin, Verlina Reynolds-Jackon, and Mila Jasey issued the following joint statement:** “Public education employees are essential to New Jersey and we value their contributions. This legislation will restore fairness to Chapter 78 health benefit contributions and provide needed relief to New Jersey taxpayers. After months of work with Senate President Sweeney, the NJEA and the Governor’s Office—we are pleased to move this bill forward. By providing new, more affordable health plan options and including a guaranteed floor of savings, this bill is a win-win.”

“This is good for teachers and other educators who perform such an important role in educating and guiding students,” **said Senator Joseph Cryan**. “It comes at a critical time when school systems will make health care more affordable for them at a time when they are experiencing financial demands and higher costs for medical services. They deserve quality care that they can afford. I want to thank Marie Blistan, Governor Murphy, Senate President Sweeney, Assembly Speaker Coughlin and my legislative colleagues for working to get this done. It’s a significant achievement that will produce benefits for educators and taxpayers.”

**NJEA President Marie Blistan said:** “This law is a win-win-win for NJEA members, our students and New Jersey residents. That was only possible because we worked together in the best interests of this state. I thank Governor Murphy, Senate President Sweeney, and Speaker Coughlin. We found the common ground and created solutions that help everyone. Because of how we all came together, our schools are stronger, our members are more secure and our communities are in a better position as we face the serious challenges ahead.”

Under A-20, educators will have the option to select new health care plans with lowered health care premiums and reduced overall costs. Additionally, by implementing these cost-saving measures, school districts and taxpayers can also expect reduced costs.

“This has been a long time coming,” **said Senator Declan O’Scanlon**. “It has taken almost 10 years of discussion and fighting, desk-pounding and compromise. The result is reform that we can all live with that will benefit property taxpayers, teachers, and our students.”

“By working together in a bi-partisan manner to save money by reducing health care costs, we passed a fair and sensible reform that will save property taxpayers nearly \$700 million annually at a critical time when our families are struggling to make ends meet,” **said Senator Chris Brown**.



“When we can provide savings for public employees and taxpayers in one bill, we are doing our job,” **said Assemblyman Ron Dancer.** “This bill exemplifies the work that needs to be done and I aim to accomplish as a legislator.”

“The cost of health benefits was far too costly for taxpayers and public education workers,” **said Assemblywoman BettyLou DeCroce.** “Any time we have an opportunity to make living and working in New Jersey more affordable for everyone, the opportunity must be seized. I am proud to sponsor this bill.”