

**18A:16-13.2 and 52:14-17.46.13
LEGISLATIVE HISTORY CHECKLIST**

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LAWS OF: 2021 **CHAPTER:** 163

NJSA: 18A:16-13.2 and 52:14-17.46.13 (Changes effective date of Garden State Health Plan; exempts certain charter and renaissance schools from certain healthcare plan requirements; requires certain negotiations over certain health care costs.)

BILL NO: A5825 (Substituted for S3487 (2R))

SPONSOR(S) Coughlin, Craig J. and others

DATE INTRODUCED: 6/2/2021

COMMITTEE: **ASSEMBLY:** State & Local Government Appropriations

SENATE: ---

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** 6/21/2021

SENATE: 6/30/2021

DATE OF APPROVAL: 7/7/2021

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (Second Reprint enacted) Yes

A5825

INTRODUCED BILL (INCLUDES SPONSOR'S STATEMENT): Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes State & Local Government Appropriations

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)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes 6/21/2021
6/28/2021

S3487 (2R)

INTRODUCED BILL (INCLUDES SPONSOR'S STATEMENT): Yes

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: Yes State Gov., Wagering, Tourism & Hist. Preservation

(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)

FLOOR AMENDMENT STATEMENT: Yes

LEGISLATIVE FISCAL ESTIMATE: Yes

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

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REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: No

RH/CL

P.L. 2021, CHAPTER 163, *approved July 7, 2021*
Assembly, No. 5825 (*Second Reprint*)

1 AN ACT concerning health care benefits plans provided to public
2 employees by the School Employees' Health Benefits Program
3 and certain boards of educations and amending P.L.2020, c.44.
4

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

8 ¹**[**1. Section 5 of P.L.2020, c.44 (C.18A:16-13.2) is amended to
9 read as follows:

10 5. This section shall apply to local boards of education and
11 employers, as specified in subsection **[j.]** k. of this section, who do
12 not participate in the School Employees' Health Benefits Program.

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

28 a. (1) Notwithstanding the provisions of any other law, rule, or
29 regulation to the contrary, beginning January 1, 2021 and for each
30 plan year thereafter, a board of education as an employer providing
31 health care benefits coverage for its employees, and their
32 dependents if any, in accordance with P.L.1979, c.391 (C.18A:16-
33 12 et seq.) shall offer to its employees, and their dependents if any,
34 the equivalent of the New Jersey Educators Health Plan in the
35 School Employees' Health Benefits Program as that plan design is
36 described in subsection f. of section 1 of P.L.2020, c.44 (C.52:14-
37 17.46.13).

38 Beginning **[July 1, 2021]** January 1, 2022 and for each plan year
39 thereafter, a board of education as an employer providing health
40 care benefits coverage for its employees, and their dependents if

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly ASL committee amendments adopted June 9, 2021.

²Assembly AAP committee amendments adopted June 16, 2021.

1 any, in accordance with P.L.1979, c.391 (C.18A:16-12 et seq.) shall
2 also offer a plan for its employees, and their dependents if any, that
3 is the equivalent of the Garden State Health Plan in the School
4 Employees' Health Benefits Program. The board shall provide an
5 enrollment period prior to January 1, 2022.

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.2020, c.44, that provides for enrollment in other plans
10 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 January 1, 2021 through December 31, 2027 unless the
14 provisions of any collective negotiations agreement entered into
15 before or after the effective date of this act, P.L.2020, c.44, results
16 in additional premium cost reductions. Nothing in this section shall
17 prohibit an employer from offering health care benefits plans that
18 existed prior to the effective date of this act.

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

22 b. Prior to January 1, 2021, each employer shall provide an
23 enrollment period during which all employees who commenced
24 employment prior to the effective date of this act shall be required
25 to select affirmatively a plan provided by the employer. If an
26 employee fails to select affirmatively a plan during this enrollment
27 period, the employer shall enroll the employee, and the employee's
28 dependents if any, in the equivalent New Jersey Educators Health
29 Plan offered pursuant to subsection a. of this section for the year
30 January 1, 2021 until December 31, 2021.

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

42 c. (1) Beginning on January 1, 2021, an employee
43 commencing employment on or after the effective date of this act
44 but before January 1, 2028 who does not waive coverage, shall be
45 enrolled by the employer in the equivalent New Jersey Educators
46 Health Plan, or the equivalent Garden State Health Plan if selected
47 by the employee, as those plans are offered pursuant to subsection
48 a. of this section. The employee shall remain enrolled in either the

1 equivalent New Jersey Educators Health Plan or the equivalent
2 Garden State Health Plan selected by the employee at the annual
3 open enrollment for each plan year until December 31, 2027,
4 provided that the employee during this period may waive coverage
5 as an employee and select and change the type of coverage received
6 under the plan following a qualifying life event, in accordance with
7 the plan regulations. Beginning January 1, 2028, the employee may
8 select, during any open enrollment period or at such other times or
9 under such conditions as the employer may provide, any plan
10 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.2020, c.44 (C.52:14-
18 17.46.14) if the employee, and the employee's dependents if any,
19 are enrolled in the equivalent New Jersey Educators Health Plan or
20 the equivalent Garden State Health Plan offered pursuant to
21 subsection a. of this section. An employee's contribution toward the
22 cost of coverage under the equivalent Garden State Health Plan
23 offered pursuant to subsection a. of this section shall be the amount
24 required in subsection b. of section 2 of this act, except that the
25 contribution specified in that subsection shall not be less than the
26 minimum annual contribution for health care benefits coverage of
27 1.5% of salary as required by law.

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

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

46 An employee who is enrolled in a plan other than the equivalent
47 New Jersey Educators Health Plan or the equivalent Garden State
48 Health Plan offered pursuant to subsection a. of this section shall be

1 required to contribute toward the cost of health care benefits
2 coverage offered by the employer (a) in accordance with a
3 collective negotiations agreement applicable to that employee as
4 negotiated prior to or after the effective date of this act pursuant to
5 the requirements that were set forth in law on the day next
6 preceding that effective date; (b) as may be required at the
7 discretion of the employer; or (c) as required by a provision of law,
8 whichever is applicable to that employee.

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

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

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

38 g. The contributions required by this section shall apply to
39 employees for whom the employer has assumed a health care
40 benefits payment obligation, to require that such employees pay the
41 amount of contribution specified in this section for health care
42 benefits coverage.

43 h. The level of benefits in the equivalent New Jersey Educators
44 Health Plan and the equivalent Garden State Health Plan offered by
45 the employer shall remain unchanged until December 31, 2027. No
46 change in the level of benefits in those plans shall be made before
47 that date unless such a change is required by federal or State law to

1 governmental health care benefits plans or to both governmental
2 and non-governmental health care benefits plans.

3 Commencing January 1, 2028 and for each plan year thereafter,
4 the level of benefits in the equivalent New Jersey Educators Health
5 Plan and the equivalent Garden State Health Plan offered by the
6 employer may be modified by the employer in accordance with
7 collective negotiations agreements entered into between the
8 employers who do not participate in the School Employees' Health
9 Benefits Program and their employees, or as otherwise permitted by
10 law.

11 i. Commencing January 1, 2028 and for each plan year
12 thereafter, the contributions required pursuant to subsections a. and
13 b. of section 2 of this act for employees enrolled in the equivalent
14 New Jersey Educators Health Plan or the equivalent Garden State
15 Health Plan offered pursuant to subsection a. of this section may be
16 modified in accordance with collective negotiations agreements
17 entered into between the employers who do not participate in the
18 School Employees' Health Benefits Program and their employees.
19 The contributions required pursuant to subsections a. and b. of
20 section 2 of this act shall become part of the parties' collective
21 negotiations and shall then be subject to collective negotiations in a
22 manner similar to other negotiable items between the parties.
23 Negotiations concerning contributions for health care benefits shall
24 be conducted as if the contributions required pursuant to
25 subsections a. and b. of section 2 of this act were included in the
26 prior contract. The contribution scheme of the percentage of base
27 salary set forth in those subsections may be modified or a new
28 contribution scheme or method other than a percentage of salary
29 may be provided for in accordance with a collective negotiations
30 agreement.

31 j. Modifications to plan design of the plans set forth in section
32 1 of this act, P.L.2020, c.44 (C.52:14-17.46.13), or adjustments to
33 the employee contribution rates set forth in subsections a. and b. of
34 section 2 of this act, made by the School Employees' Health
35 Benefits Plan Design Committee or the State Treasurer pursuant to
36 section 7 of this act shall be implemented for the purposes of this
37 section by the employer commencing January 1, 2024.

38 k. This section shall also apply when health care benefits
39 coverage is provided through an insurance fund or joint insurance
40 fund or any other manner. This section shall apply to any employer,
41 as that term is defined in section 32 of P.L.2007, c.103 (C.52:14-
42 17.46.2), that is not a participating employer in the School
43 Employees' Health Benefits Program. This section shall not apply
44 to charter school employers unless they have a collective
45 negotiations agreement with any of their employees in effect on or
46 after the effective date of P.L.2020, c.44.

47 (cf: P.L.2020, c.137, s.2)]¹

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

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

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

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

30 Beginning ~~【July 1, 2021】~~ January 1, 2022 and for each plan year
31 thereafter, a board of education as an employer providing health care
32 benefits coverage for its employees, and their dependents if any, in
33 accordance with P.L.1979, c.391 (C.18A:16-12 et seq.) shall also offer
34 a plan for its employees, and their dependents if any, that is the
35 equivalent of the Garden State Health Plan in the School Employees'
36 Health Benefits Program. The board shall provide an enrollment
37 period prior to January 1, 2022.

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

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

1 from offering health care benefits plans that existed prior to the
2 effective date of this act.

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

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

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

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

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

45 (3) The enrollment required by paragraph (1) of this subsection
46 shall not include an employee who commenced employment prior to
47 the effective date of P.L.2020, c.44 and who did not enroll, who
48 waived enrollment, or who was not eligible to enroll prior to that

1 effective date for health care coverage provided by the employer,
2 including, but not limited to, an employee who commenced
3 employment as a part-time employee prior to the effective date of
4 P.L.2020, c.44. If such an employee was required to enroll prior to the
5 effective date of P.L. _____, c. _____ (pending before the Legislature as
6 this bill) in accordance with paragraph (1), the employee shall be
7 notified promptly in writing that enrollment is not mandatory and shall
8 be provided promptly with an opportunity to select enrollment in
9 another health care benefits plan.

10 d. An employee shall contribute annually toward the cost of
11 health care benefits coverage for the employee, and employee's
12 dependents if any, the amount specified, in the manner specified, in
13 subsection a. or b. of section 2 of this act, P.L.2020, c.44 (C.52:14-
14 17.46.14) if the employee, and the employee's dependents if any, are
15 enrolled in the equivalent New Jersey Educators Health Plan or the
16 equivalent Garden State Health Plan offered pursuant to subsection a.
17 of this section. An employee's contribution toward the cost of coverage
18 under the equivalent Garden State Health Plan offered pursuant to
19 subsection a. of this section shall be the amount required in subsection
20 b. of section 2 of this act, except that the contribution specified in that
21 subsection shall not be less than the minimum annual contribution for
22 health care benefits coverage of 1.5% of salary as required by law.

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

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

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

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

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

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

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

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

34 h. The level of benefits in the equivalent New Jersey Educators
35 Health Plan and the equivalent Garden State Health Plan offered by
36 the employer shall remain unchanged until December 31, 2027. No
37 change in the level of benefits in those plans shall be made before that
38 date unless such a change is required by federal or State law to
39 governmental health care benefits plans or to both governmental and
40 non-governmental health care benefits plans.

41 Commencing January 1, 2028 and for each plan year thereafter, the
42 level of benefits in the equivalent New Jersey Educators Health Plan
43 and the equivalent Garden State Health Plan offered by the employer
44 may be modified by the employer in accordance with collective
45 negotiations agreements entered into between the employers who do
46 not participate in the School Employees' Health Benefits Program and
47 their employees, or as otherwise permitted by law.

1 i. Commencing January 1, 2028 and for each plan year thereafter,
2 the contributions required pursuant to subsections a. and b. of section 2
3 of this act for employees enrolled in the equivalent New Jersey
4 Educators Health Plan or the equivalent Garden State Health Plan
5 offered pursuant to subsection a. of this section may be modified in
6 accordance with collective negotiations agreements entered into
7 between the employers who do not participate in the School
8 Employees' Health Benefits Program and their employees. The
9 contributions required pursuant to subsections a. and b. of section 2 of
10 this act shall become part of the parties' collective negotiations and
11 shall then be subject to collective negotiations in a manner similar to
12 other negotiable items between the parties. Negotiations concerning
13 contributions for health care benefits shall be conducted as if the
14 contributions required pursuant to subsections a. and b. of section 2 of
15 this act were included in the prior contract. The contribution scheme of
16 the percentage of base salary set forth in those subsections may be
17 modified or a new contribution scheme or method other than a
18 percentage of salary may be provided for in accordance with a
19 collective negotiations agreement.

20 j. Modifications to plan design of the plans set forth in section 1
21 of this act, P.L.2020, c.44 (C.52:14-17.46.13), or adjustments to the
22 employee contribution rates set forth in subsections a. and b. of section
23 2 of this act, made by the School Employees' Health Benefits Plan
24 Design Committee or the State Treasurer pursuant to section 7 of this
25 act shall be implemented for the purposes of this section by the
26 employer commencing January 1, 2024.

27 k. This section shall also apply when health care benefits
28 coverage is provided through an insurance fund or joint insurance fund
29 or any other manner. This section shall apply to any employer, as that
30 term is defined in section 32 of P.L.2007, c.103 (C.52:14-17.46.2), that
31 is not a participating employer in the School Employees' Health
32 Benefits Program. This section shall not apply to charter school or
33 renaissance school employers unless they ²[had] have² a collective
34 negotiations agreement with any of their employees in effect on or
35 ²[before] after² the effective date of P.L.2020, c.44.

36 l. Notwithstanding any provision of law, rule, or regulation to the
37 contrary, for any period of time during which the employer does not
38 have to pay a premium or periodic charge for any health care benefits
39 plan or program provided to its employees pursuant to this section,
40 pursuant to another law, or pursuant to a collective bargaining
41 agreement, an employee enrolled in such plan or program shall not be
42 required to make the employee's contribution toward that premium or
43 periodic charge during that period of time. In the event that a
44 collective negotiations agreement specifically addresses a premium
45 holiday the collective negotiations agreement shall be controlling.¹

46 (cf: P.L.2020, c.137, s.2)

1 2. Section 1 of P.L.2020, c.44 (C.52:14-17.46.13) is amended
2 to read as follows:

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

7 a. (1) Notwithstanding the provisions of any other law, rule, or
8 regulation to the contrary, beginning with the plan year that
9 commences January 1, 2021 and for each plan year thereafter, the
10 School Employees' Health Benefits Program shall offer only three
11 plans that provide medical and prescription drug benefits for
12 employees, and retirees who are not Medicare-eligible, and their
13 dependents if any. All other plans offered prior to January 1, 2021
14 for employees, and retirees who are not Medicare-eligible, and their
15 dependents if any, shall be terminated.

16 The three plans shall be the New Jersey Educators Health Plan as
17 developed by the School Employees' Health Benefits Plan Design
18 Committee in accordance with subsection f. of this section which
19 sets forth the plan design of the New Jersey Educators Health Plan;
20 the SEHBP NJ Direct 10 plan as adopted and implemented by the
21 School Employees' Health Benefits Commission for the plan year
22 that began January 1, 2020; and the SEHBP NJ Direct 15 plan as
23 adopted and implemented by the School Employees' Health
24 Benefits Commission for the plan year that began January 1, 2020.

25 Employers that participate in the School Employees' Health
26 Benefits Program shall retain the ability to enter the program for
27 medical only plans and may separately purchase pharmacy and
28 dental benefits outside of the program without limitation or
29 restriction.

30 (2) Only the plans set forth in this section shall be offered by the
31 program regardless of any collective negotiations agreement
32 between a participating employer and its employees in effect on the
33 effective date of this act, P.L.2020, c.44, that provides for
34 enrollment in other plans that were offered by the program prior to
35 January 1, 2021.

36 b. Prior to January 1, 2021, the program, through the Division
37 of Pensions and Benefits in the Department of the Treasury, shall
38 provide for an enrollment period during which all employees who
39 commenced employment prior to the effective date of this act shall
40 be required to select affirmatively one of the three plans specified in
41 subsection a. of this section. If an employee fails to select
42 affirmatively a plan during this enrollment period, the program shall
43 enroll the employee, and the employee's dependents if any, in the
44 New Jersey Educators Health Plan for the plan year beginning
45 January 1, 2021 and ending December 31, 2021.

46 During the enrollment period, any person who is enrolled in a
47 plan offered by the program and who is paying the full cost of
48 health care benefits coverage shall also be required to select

1 affirmatively one of the three plans specified in subsection a. of this
2 section. If a person fails to select affirmatively a plan during this
3 enrollment period, the program shall enroll the person, and the
4 person's dependents if any, in the New Jersey Educators Health Plan
5 for the plan year beginning January 1, 2021 and ending December
6 31, 2021. Any such person shall continue to pay the full cost of
7 coverage and shall not be subject to the contribution schedule or
8 any mandatory enrollment period as set forth in this section.

9 c. (1) Beginning on January 1, 2021, an employee
10 commencing employment on or after the effective date of this act
11 but before January 1, 2028 who does not waive coverage shall be
12 enrolled by the program, with the employee's dependents if any, in
13 the New Jersey Educators Health Plan, or the Garden State Health
14 Plan if selected by the employee. The employee shall remain
15 enrolled in either the New Jersey Educators Health Plan or the
16 Garden State Health Plan selected by the employee at the annual
17 open enrollment for each plan year through the plan year that ends
18 December 31, 2027, provided that the employee during this period
19 may waive coverage as an employee and select and change the type
20 of coverage received under the plan following a qualifying life
21 event, in accordance with the program regulations.

22 ¹The enrollment required by this paragraph shall not include an
23 employee who commenced employment prior to the effective date
24 of P.L.2020, c.44 and who did not enroll, who waived enrollment,
25 or who was not eligible to enroll prior to that effective date for
26 health care coverage provided by the employer, including, but not
27 limited to, an employee who commenced employment as a part-time
28 employee prior to the effective date of P.L.2020, c.44. If such an
29 employee was required to enroll prior to the effective date of
30 P.L. _____, c. _____ (pending before the Legislature as this bill) in
31 accordance with this paragraph, the employee shall be notified
32 promptly in writing that enrollment is not mandatory and shall be
33 provided promptly with an opportunity to select enrollment in
34 another health care benefits plan.¹

35 For the plan year beginning January 1, 2028, the employee may
36 select, during any open enrollment period or at such other times or
37 under such conditions as the program may provide, any plan offered
38 by the program.

39 (2) For the plan year beginning January 1, 2021, the program
40 shall enroll a retiree who is not Medicare-eligible, and the retiree's
41 dependents if any, in the New Jersey Educators Health Plan for
42 health care benefits coverage as a retiree, if the retiree does not
43 waive coverage. The retiree shall remain enrolled in that plan for
44 each plan year through the plan year that ends December 31, 2027
45 or until the retiree becomes eligible for Medicare, whichever comes
46 first. The retiree who becomes eligible for Medicare shall no longer
47 be eligible for enrollment in the New Jersey Educators Health Plan,
48 except that any dependent of the retiree who is not eligible for

1 Medicare may remain eligible for coverage under the New Jersey
2 Educators Health Plan. For the plan year beginning January 1, 2028,
3 that retiree who is not Medicare-eligible may select, during any
4 open enrollment period or at such other times or under such
5 conditions as the program may provide, any plan offered by the
6 program.

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

10 d. Beginning ~~July 1, 2021~~ January 1, 2022 and for each plan
11 year thereafter, the program shall offer a fourth plan to be called the
12 Garden State Health Plan. The plan shall be developed by the
13 School Employees' Health Benefits Plan Design Committee. If the
14 committee does not adopt a design for the Garden State Health Plan
15 by December 31, 2020, the Division of Pensions and Benefits in the
16 Department of the Treasury ~~shall~~ may develop the Garden State
17 Health Plan. The program shall provide an enrollment period prior
18 to January 1, 2022.

19 The Garden State Health Plan shall provide medical and
20 prescription drug benefits that are equivalent to the level of medical
21 and prescription drug benefits provided by the New Jersey
22 Educators Health Plan, except that the benefits under the Garden
23 State Health Plan shall be available only from providers located in
24 the State of New Jersey.

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

29 Employers that participate in the School Employees' Health
30 Benefits Program shall retain the ability to enter the program for
31 medical only plans and may separately purchase pharmacy and
32 dental benefits outside of the program without limitation or
33 restriction.

34 e. The plan design of the New Jersey Educators Health Plan,
35 the Garden State Health Plan, the NJ Direct 10 plan, and the NJ
36 Direct 15 plan as those plan designs are specified in subsections a.,
37 d., and f. of this section shall remain unchanged until December 31,
38 2027. No change in the plan design of those plans shall be made
39 before that date unless such a change in plan design is required by
40 federal or State law to governmental health care benefits plans or to
41 both governmental and non-governmental health care benefits
42 plans.

43 For the plan year that commences January 1, 2028 and for each
44 plan year thereafter, the plan design of the New Jersey Educators
45 Health Plan, the Garden State Health Plan, the NJ Direct 10 plan,
46 and the NJ Direct 15 plan as those plan designs are specified in
47 subsections a., d., and f. of this section may be modified by the
48 School Employees' Health Benefits Plan Design Committee.

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

6 f. The plan design of the New Jersey Educators Health Plan
 7 shall be the following:

8 In Network Benefits

9 Coverage

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

12 Deductible:N/A

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

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

16 PCP Office Visit Copayment:\$10

17 Specialist Office Visit Copayment\$15Out-of-Network Benefits

18 Coverage

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

20 Deductible:\$350 / \$700

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

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

23 Out-of-Network Fee Schedule:200% of CMS - MedicarePharmacy

24 Out-of-Pocket Maximum:\$1,600 Single / \$3,200 Family (Indexed
 25 Annually Pursuant to Federal Law)Generic Copayment:\$5 Retail 30

26 Day Supply / \$10 Mail 90 Day SupplyBrand Copayment:\$10 Retail

27 30 Day Supply/ \$20 Mail 90 Day SupplyMandatory

28 Generic:Member Pays Difference in Cost Between Generic and
 29 Brand, Plus Brand CopaymentFormulary: Closed Formulary as

30 contracted with the Pharmacy Benefit Manager and the School
 31 Employees' Health Benefits CommissionOther

32 Chiropractic, Physical Therapy, and Acupuncture:

33 Subject to the same Out-of-Network Limits as for the State Health
 34 Benefits Program as were in effect on June 1, 2020 to take effect as
 35 of July 1, 2020, or as soon thereafter as reasonably practicable.

36 Under a patient centered medical home model, there shall be no
 37 office visit copay for primary care for participants who select and
 38 commit to a patient centered medical home for primary care in
 39 accordance with plan rules and regulations.

40 g. Any plan offered by the School Employees' Health Benefits
 41 Program shall require that chiropractic, physical therapy, and
 42 acupuncture benefits shall be subject to the same out-of-network
 43 limits as for the State Health Benefits Program that were in effect
 44 on June 1, 2020 to take effect as of July 1, 2020 or as soon
 45 thereafter as

46 reasonably practicable.

47 ¹h. Notwithstanding any provision of law, rule, or regulation to
 48 the contrary, for any period of time during which the employer does

1 not have to pay a premium or periodic charge for any health care
2 benefits plan or program provided to its employees through the
3 School Employees' Health Benefits Program, an employee enrolled
4 in such plan or program shall not be required to make the
5 employee's contribution toward that premium or periodic charge
6 during that period of time. In the event that a collective
7 negotiations agreement specifically addresses a premium holiday
8 the collective negotiations agreement shall be controlling.¹

9 (cf: P.L.2020, c.44, s.1)

10

11 ¹3. Section 8 of P.L.2020, c.44 is amended to read as follows:

12 8. With regard to employers that have collective negotiation
13 agreements in effect on the effective date of this act, P.L.2020, c.44,
14 that include health care benefits coverage available to employees
15 when the net cost, which is the cost after deducting employee
16 contributions, to the employer is lower than the cost to the employer
17 would be compared to the New Jersey Educators Health Plan, the
18 employer and the majority representative shall engage in collective
19 negotiations **【over】**, that include all terms and conditions of
20 employment, to substantially mitigate the financial impact of the
21 difference as agreed to by the parties, which may include
22 modifications to plan level offerings or contributions for the New
23 Jersey Educators Health Plan or the equivalent plan, or to both plan
24 level offerings and contributions. Notwithstanding any provision of
25 law or regulation to the contrary, plan level offerings or
26 contributions for the New Jersey Educators Health Plan or the
27 equivalent plan, or both plan level offerings and contributions, may
28 be modified pursuant to collective negotiations required by this
29 section.

30 Any school district with an increase in net cost as defined above
31 as a result of changes by P.L.2020, c.44 (C.52:14-17.46.13 et al)
32 shall commence negotiations immediately, unless mutually agreed
33 upon by the employer and the majority representative to opt to
34 substantially mitigate the financial impact to the employer as part of
35 the next collective negotiations agreement which may include, but
36 not be limited to, salary increases, step guides, or other terms and
37 conditions of employment.¹

38 (cf: P.L.2020, c.44, s.8)

39

40 ¹**【3.】** 4.¹ This act shall take effect immediately.

41

42

43

44 Changes effective date of Garden State Health Plan; exempts
45 certain charter and renaissance schools from certain healthcare plan
46 requirements; requires certain negotiations over certain health care
47 costs.

CHAPTER 163

AN ACT concerning health care benefits plans provided to public employees by the School Employees' Health Benefits Program and certain boards of education and amending P.L.2020, c.44.

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

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

C.18A:16-13.2 Applicability to local boards of education, certain employers; enrollment period.

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

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

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

Beginning January 1, 2022 and for each plan year thereafter, a board of education as an employer providing health care benefits coverage for its employees, and their dependents if any, in accordance with P.L.1979, c.391 (C.18A:16-12 et seq.) shall also offer a plan for its employees, and their dependents if any, that is the equivalent of the Garden State Health Plan in the School Employees' Health Benefits Program. The board shall provide an enrollment period prior to January 1, 2022.

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

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

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

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

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

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

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

(3) The enrollment required by paragraph (1) of this subsection shall not include an employee who commenced employment prior to the effective date of P.L.2020, c.44 and who did not enroll, who waived enrollment, or who was not eligible to enroll prior to that effective date for health care coverage provided by the employer, including, but not limited to, an employee who commenced employment as a part-time employee prior to the effective date of P.L.2020, c.44. If such an employee was required to enroll prior to the effective date of P.L.2021, c.163 in accordance with paragraph (1), the employee shall be notified promptly in writing that enrollment is not mandatory and shall be provided promptly with an opportunity to select enrollment in another health care benefits plan.

d. An employee shall contribute annually toward the cost of health care benefits coverage for the employee, and employee's dependents if any, the amount specified, in the manner specified, in subsection a. or b. of section 2 of this act, P.L.2020, c.44 (C.52:14-17.46.14) if the employee, and the employee's dependents if any, are enrolled in the equivalent New Jersey Educators Health Plan or the equivalent Garden State Health Plan offered pursuant to subsection a. of this section. An employee's contribution toward the cost of coverage under the equivalent Garden State Health Plan offered pursuant to subsection a. of this section shall be the amount required in subsection b. of section 2 of this act, except that the contribution specified in that subsection shall not be less than the minimum annual contribution for health care benefits coverage of 1.5% of salary as required by law.

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

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

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

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

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

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

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

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

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

i. Commencing January 1, 2028 and for each plan year thereafter, the contributions required pursuant to subsections a. and b. of section 2 of this act for employees enrolled in the equivalent New Jersey Educators Health Plan or the equivalent Garden State Health Plan offered pursuant to subsection a. of this section may be modified in accordance with collective negotiations agreements entered into between the employers who do not participate in the School Employees' Health Benefits Program and their employees. The contributions required pursuant to subsections a. and b. of section 2 of this act shall become part of the parties' collective negotiations and shall then be subject to collective negotiations in a manner similar to other negotiable items between the parties. Negotiations concerning contributions for health care benefits shall be conducted as if the contributions required pursuant to subsections a. and b. of section 2 of this act were included in the prior contract. The contribution scheme of the percentage of base salary set forth in those subsections may be modified or a new contribution scheme or method other than a percentage of salary may be provided for in accordance with a collective negotiations agreement.

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

k. This section shall also apply when health care benefits coverage is provided through an insurance fund or joint insurance fund or any other manner. This section shall apply to any employer, as that term is defined in section 32 of P.L.2007, c.103 (C.52:14-17.46.2), that is not a participating employer in the School Employees' Health Benefits Program. This section shall not apply to charter school or renaissance school employers unless they have a collective negotiations agreement with any of their employees in effect on or after the effective date of P.L.2020, c.44.

l. Notwithstanding any provision of law, rule, or regulation to the contrary, for any period of time during which the employer does not have to pay a premium or periodic charge for any health care benefits plan or program provided to its employees pursuant to this section, pursuant to another law, or pursuant to a collective bargaining agreement, an employee enrolled in such plan or program shall not be required to make the employee's contribution toward that premium or periodic charge during that period of time. In the event that a collective negotiations agreement specifically addresses a premium holiday the collective negotiations agreement shall be controlling.

2. Section 1 of P.L.2020, c.44 (C.52:14-17.46.13) is amended to read as follows:

C.52:14-17.46.13 Health care benefit plans offered.

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

a. (1) Notwithstanding the provisions of any other law, rule, or regulation to the contrary, beginning with the plan year that commences January 1, 2021 and for each plan

year thereafter, the School Employees' Health Benefits Program shall offer only three plans that provide medical and prescription drug benefits for employees, and retirees who are not Medicare-eligible, and their dependents if any. All other plans offered prior to January 1, 2021 for employees, and retirees who are not Medicare-eligible, and their dependents if any, shall be terminated.

The three plans shall be the New Jersey Educators Health Plan as developed by the School Employees' Health Benefits Plan Design Committee in accordance with subsection f. of this section which sets forth the plan design of the New Jersey Educators Health Plan; the SEHBP NJ Direct 10 plan as adopted and implemented by the School Employees' Health Benefits Commission for the plan year that began January 1, 2020; and the SEHBP NJ Direct 15 plan as adopted and implemented by the School Employees' Health Benefits Commission for the plan year that began January 1, 2020.

Employers that participate in the School Employees' Health Benefits Program shall 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.

(2) Only the plans set forth in this section shall be offered by the program regardless of any collective negotiations agreement between a participating employer and its employees in effect on the effective date of this act, P.L.2020, c.44, that provides for enrollment in other plans that were offered by the program prior to January 1, 2021.

b. Prior to January 1, 2021, the program, through the Division of Pensions and Benefits in the Department of the Treasury, shall provide for an enrollment period during which all employees who commenced employment prior to the effective date of this act shall be required to select affirmatively one of the three plans specified in subsection a. of this section. If an employee fails to select affirmatively a plan during this enrollment period, the program shall enroll the employee, and the employee's dependents if any, in the New Jersey Educators Health Plan for the plan year beginning January 1, 2021 and ending December 31, 2021.

During the enrollment period, any person who is enrolled in a plan offered by the program and who is paying the full cost of health care benefits coverage shall also be required to select affirmatively one of the three plans specified in subsection a. of this section. If a person fails to select affirmatively a plan during this enrollment period, the program shall enroll the person, and the person's dependents if any, in the New Jersey Educators Health Plan for the plan year beginning January 1, 2021 and ending December 31, 2021. Any such person shall continue to pay the full cost of coverage and shall not be subject to the contribution schedule or any mandatory enrollment period as set forth in this section.

c. (1) Beginning on January 1, 2021, an employee commencing employment on or after the effective date of this act but before January 1, 2028 who does not waive coverage shall be enrolled by the program, with the employee's dependents if any, in the New Jersey Educators Health Plan, or the Garden State Health Plan if selected by the employee. The employee shall remain enrolled in either the New Jersey Educators Health Plan or the Garden State Health Plan selected by the employee at the annual open enrollment for each plan year through the plan year that ends December 31, 2027, provided that the employee during this period may waive coverage as an employee and select and change the type of coverage received under the plan following a qualifying life event, in accordance with the program regulations.

The enrollment required by this paragraph shall not include an employee who commenced employment prior to the effective date of P.L.2020, c.44 and who did not enroll, who waived enrollment, or who was not eligible to enroll prior to that effective date for health care coverage provided by the employer, including, but not limited to, an employee who

commenced employment as a part-time employee prior to the effective date of P.L.2020, c.44. If such an employee was required to enroll prior to the effective date of P.L.2021, c.163 in accordance with this paragraph, the employee shall be notified promptly in writing that enrollment is not mandatory and shall be provided promptly with an opportunity to select enrollment in another health care benefits plan. For the plan year beginning January 1, 2028, the employee may select, during any open enrollment period or at such other times or under such conditions as the program may provide, any plan offered by the program.

(2) For the plan year beginning January 1, 2021, the program shall enroll a retiree who is not Medicare-eligible, and the retiree's dependents if any, in the New Jersey Educators Health Plan for health care benefits coverage as a retiree, if the retiree does not waive coverage. The retiree shall remain enrolled in that plan for each plan year through the plan year that ends December 31, 2027 or until the retiree becomes eligible for Medicare, whichever comes first. The retiree who becomes eligible for Medicare shall no longer be eligible for enrollment in the New Jersey Educators Health Plan, except that any dependent of the retiree who is not eligible for Medicare may remain eligible for coverage under the New Jersey Educators Health Plan. For the plan year beginning January 1, 2028, that retiree who is not Medicare-eligible may select, during any open enrollment period or at such other times or under such conditions as the program may provide, any plan offered by the program.

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

d. Beginning January 1, 2022 and for each plan year thereafter, the program shall offer a fourth plan to be called the Garden State Health Plan. The plan shall be developed by the School Employees' Health Benefits Plan Design Committee. If the committee does not adopt a design for the Garden State Health Plan by December 31, 2020, the Division of Pensions and Benefits in the Department of the Treasury may develop the Garden State Health Plan. The program shall provide an enrollment period prior to January 1, 2022.

The Garden State Health Plan shall 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 shall be available only from providers located in the State of New Jersey.

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

Employers that participate in the School Employees' Health Benefits Program shall 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.

e. The plan design of the New Jersey Educators Health Plan, the Garden State Health Plan, the NJ Direct 10 plan, and the NJ Direct 15 plan as those plan designs are specified in subsections a., d., and f. of this section shall remain unchanged until December 31, 2027. No change in the plan design of those plans shall be made before that date unless such a change in plan design is required by federal or State law to governmental health care benefits plans or to both governmental and non-governmental health care benefits plans.

For the plan year that commences January 1, 2028 and for each plan year thereafter, the plan design of the New Jersey Educators Health Plan, the Garden State Health Plan, the NJ Direct 10 plan, and the NJ Direct 15 plan as those plan designs are specified in subsections a., d., and f. of this section may be modified by the School Employees' Health Benefits Plan Design Committee.

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

f. The plan design of the New Jersey Educators Health Plan shall be the following:

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 in network 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 - MedicarePharmacy

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 SupplyBrand

Copayment:\$10 Retail 30 Day Supply/ \$20 Mail 90 Day SupplyMandatory Generic:Member Pays Difference in Cost Between Generic and Brand, Plus Brand CopaymentFormulary:

Closed Formulary as contracted with the Pharmacy Benefit Manager and the School Employees' Health Benefits CommissionOther

Chiropractic, Physical Therapy, and Acupuncture:

Subject to the same Out-of-Network Limits as for the State Health Benefits Program as were in effect on June 1, 2020 to take effect as of July 1, 2020, or as soon thereafter as reasonably practicable.

Under a patient centered medical home model, there shall be no office visit copay for primary care for participants who select and commit to a patient centered medical home for primary care in accordance with plan rules and regulations.

g. 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 were in effect on June 1, 2020 to take effect as of July 1, 2020 or as soon thereafter as reasonably practicable.

h. Notwithstanding any provision of law, rule, or regulation to the contrary, for any period of time during which the employer does not have to pay a premium or periodic charge for any health care benefits plan or program provided to its employees through the School Employees' Health Benefits Program, an employee enrolled in such plan or program shall not be required to make the employee's contribution toward that premium or periodic charge during that period of time. In the event that a collective negotiations agreement specifically addresses a premium holiday the collective negotiations agreement shall be controlling.

3. Section 8 of P.L.2020, c.44 is amended to read as follows:

8. With regard to employers that have collective negotiation agreements in effect on the effective date of this act, P.L.2020, c.44, that include health care benefits coverage available to employees when the net cost, which is the cost after deducting employee contributions, to the employer is lower than the cost to the employer would be compared to the New Jersey Educators Health Plan, the employer and the majority representative shall engage in collective negotiations, that include all terms and conditions of employment, to substantially mitigate the financial impact of the difference as agreed to by the parties, which may include modifications to plan level offerings or contributions for the New Jersey Educators Health Plan or the equivalent plan, or to both plan level offerings and contributions. Notwithstanding any provision of law or regulation to the contrary, plan level offerings or contributions for the New Jersey Educators Health Plan or the equivalent plan, or both plan level offerings and contributions, may be modified pursuant to collective negotiations required by this section.

Any school district with an increase in net cost as defined above as a result of changes by P.L.2020, c.44 (C.52:14-17.46.13 et al.) shall commence negotiations immediately, unless mutually agreed upon by the employer and the majority representative to opt to substantially mitigate the financial impact to the employer as part of the next collective negotiations agreement which may include, but not be limited to, salary increases, step guides, or other terms and conditions of employment.

4. This act shall take effect immediately.

Approved July 7, 2021.

ASSEMBLY, No. 5825

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED JUNE 2, 2021

Sponsored by:

Assemblyman CRAIG J. COUGHLIN

District 19 (Middlesex)

SYNOPSIS

Changes effective date of Garden State Health Plan and provides open enrollment period; exempts certain charter schools from certain healthcare plan requirements.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning health care benefits plans provided to public
2 employees by the School Employees' Health Benefits Program
3 and certain boards of educations and amending P.L.2020, c.44.
4

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

7
8 1. Section 5 of P.L.2020, c.44 (C.18A:16-13.2) is amended to
9 read as follows:

10 5. This section shall apply to local boards of education and
11 employers, as specified in subsection **[j.]** k. of this section, who do
12 not participate in the School Employees' Health Benefits Program.

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

28 a. (1) Notwithstanding the provisions of any other law, rule, or
29 regulation to the contrary, beginning January 1, 2021 and for each
30 plan year thereafter, a board of education as an employer providing
31 health care benefits coverage for its employees, and their
32 dependents if any, in accordance with P.L.1979, c.391 (C.18A:16-
33 12 et seq.) shall offer to its employees, and their dependents if any,
34 the equivalent of the New Jersey Educators Health Plan in the
35 School Employees' Health Benefits Program as that plan design is
36 described in subsection f. of section 1 of P.L.2020, c.44 (C.52:14-
37 17.46.13).

38 Beginning **[July 1, 2021]** January 1, 2022 and for each plan year
39 thereafter, a board of education as an employer providing health
40 care benefits coverage for its employees, and their dependents if
41 any, in accordance with P.L.1979, c.391 (C.18A:16-12 et seq.) shall
42 also offer a plan for its employees, and their dependents if any, that
43 is the equivalent of the Garden State Health Plan in the School
44 Employees' Health Benefits Program. The board shall provide an
45 enrollment period prior to January 1, 2022.

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 (2) 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.2020, c.44, that provides for enrollment in other plans
5 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 January 1, 2021 through December 31, 2027 unless the
9 provisions of any collective negotiations agreement entered into
10 before or after the effective date of this act, P.L.2020, c.44, results
11 in additional premium cost reductions. Nothing in this section shall
12 prohibit an employer from offering health care benefits plans that
13 existed prior to the effective date of this act.

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

17 b. Prior to January 1, 2021, each employer shall provide an
18 enrollment period during which all employees who commenced
19 employment prior to the effective date of this act shall be required
20 to select affirmatively a plan provided by the employer. If an
21 employee fails to select affirmatively a plan during this enrollment
22 period, the employer shall enroll the employee, and the employee's
23 dependents if any, in the equivalent New Jersey Educators Health
24 Plan offered pursuant to subsection a. of this section for the year
25 January 1, 2021 until December 31, 2021.

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

37 c. (1) Beginning on January 1, 2021, an employee commencing
38 employment on or after the effective date of this act but before
39 January 1, 2028 who does not waive coverage, shall be enrolled by
40 the employer in the equivalent New Jersey Educators Health Plan,
41 or the equivalent Garden State Health Plan if selected by the
42 employee, as those plans are offered pursuant to subsection a. of
43 this section. The employee shall remain enrolled in either the
44 equivalent New Jersey Educators Health Plan or the equivalent
45 Garden State Health Plan selected by the employee at the annual
46 open enrollment for each plan year until December 31, 2027,
47 provided that the employee during this period may waive coverage
48 as an employee and select and change the type of coverage received

1 under the plan following a qualifying life event, in accordance with
2 the plan regulations. Beginning January 1, 2028, the employee may
3 select, during any open enrollment period or at such other times or
4 under such conditions as the employer may provide, any plan
5 offered by the employer.

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

9 d. An employee shall contribute annually toward the cost of
10 health care benefits coverage for the employee, and employee's
11 dependents if any, the amount specified, in the manner specified, in
12 subsection a. or b. of section 2 of this act, P.L.2020, c.44 (C.52:14-
13 17.46.14) if the employee, and the employee's dependents if any,
14 are enrolled in the equivalent New Jersey Educators Health Plan or
15 the equivalent Garden State Health Plan offered pursuant to
16 subsection a. of this section. An employee's contribution toward the
17 cost of coverage under the equivalent Garden State Health Plan
18 offered pursuant to subsection a. of this section shall be the amount
19 required in subsection b. of section 2 of this act, except that the
20 contribution specified in that subsection shall not be less than the
21 minimum annual contribution for health care benefits coverage of
22 1.5% of salary as required by law.

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

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

41 An employee who is enrolled in a plan other than the equivalent
42 New Jersey Educators Health Plan or the equivalent Garden State
43 Health Plan offered pursuant to subsection a. of this section shall be
44 required to contribute toward the cost of health care benefits
45 coverage offered by the employer (a) in accordance with a
46 collective negotiations agreement applicable to that employee as
47 negotiated prior to or after the effective date of this act pursuant to
48 the requirements that were set forth in law on the day next

1 preceding that effective date; (b) as may be required at the
2 discretion of the employer; or (c) as required by a provision of law,
3 whichever is applicable to that employee.

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

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 December 31, 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 January 1, 2028 and for each plan year thereafter,
46 the 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 January 1, 2028 and for each plan year
6 thereafter, the contributions required pursuant to subsections a. and
7 b. of section 2 of this act for employees enrolled in the equivalent
8 New Jersey Educators Health Plan or the equivalent Garden State
9 Health Plan offered pursuant to subsection a. of this section may be
10 modified in accordance with collective negotiations agreements
11 entered into between the employers who do not participate in the
12 School Employees' Health Benefits Program and their employees.
13 The contributions required pursuant to subsections a. and b. of
14 section 2 of this act shall become part of the parties' collective
15 negotiations and shall then be subject to collective negotiations in a
16 manner similar to other negotiable items between the parties.
17 Negotiations concerning contributions for health care benefits shall
18 be conducted as if the contributions required pursuant to
19 subsections a. and b. of section 2 of this act were included in the
20 prior contract. The contribution scheme of the percentage of base
21 salary set forth in those subsections may be modified or a new
22 contribution scheme or method other than a percentage of salary
23 may be provided for in accordance with a collective negotiations
24 agreement.

25 j. Modifications to plan design of the plans set forth in section
26 1 of this act, P.L.2020, c.44 (C.52:14-17.46.13), or adjustments to
27 the employee contribution rates set forth in subsections a. and b. of
28 section 2 of this act, made by the School Employees' Health
29 Benefits Plan Design Committee or the State Treasurer pursuant to
30 section 7 of this act shall be implemented for the purposes of this
31 section by the employer commencing January 1, 2024.

32 k. This section shall also apply when health care benefits
33 coverage is provided through an insurance fund or joint insurance
34 fund or any other manner. This section shall apply to any employer,
35 as that term is defined in section 32 of P.L.2007, c.103 (C.52:14-
36 17.46.2), that is not a participating employer in the School
37 Employees' Health Benefits Program. This section shall not apply
38 to charter school employers unless they have a collective
39 negotiations agreement with any of their employees in effect on or
40 after the effective date of P.L.2020, c.44.
41 (cf: P.L.2020, c.137, s.2)

42

43 2. Section 1 of P.L.2020, c.44 (C.52:14-17.46.13) is amended
44 to read as follows:

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

1 a. (1) Notwithstanding the provisions of any other law, rule, or
2 regulation to the contrary, beginning with the plan year that
3 commences January 1, 2021 and for each plan year thereafter, the
4 School Employees' Health Benefits Program shall offer only three
5 plans that provide medical and prescription drug benefits for
6 employees, and retirees who are not Medicare-eligible, and their
7 dependents if any. All other plans offered prior to January 1, 2021
8 for employees, and retirees who are not Medicare-eligible, and their
9 dependents if any, shall be terminated.

10 The three plans shall be the New Jersey Educators Health Plan as
11 developed by the School Employees' Health Benefits Plan Design
12 Committee in accordance with subsection f. of this section which
13 sets forth the plan design of the New Jersey Educators Health Plan;
14 the SEHBP NJ Direct 10 plan as adopted and implemented by the
15 School Employees' Health Benefits Commission for the plan year
16 that began January 1, 2020; and the SEHBP NJ Direct 15 plan as
17 adopted and implemented by the School Employees' Health
18 Benefits Commission for the plan year that began January 1, 2020.

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

24 (2) Only the plans set forth in this section shall be offered by the
25 program regardless of any collective negotiations agreement
26 between a participating employer and its employees in effect on the
27 effective date of this act, P.L.2020, c.44, that provides for
28 enrollment in other plans that were offered by the program prior to
29 January 1, 2021.

30 b. Prior to January 1, 2021, the program, through the Division
31 of Pensions and Benefits in the Department of the Treasury, shall
32 provide for an enrollment period during which all employees who
33 commenced employment prior to the effective date of this act shall
34 be required to select affirmatively one of the three plans specified in
35 subsection a. of this section. If an employee fails to select
36 affirmatively a plan during this enrollment period, the program shall
37 enroll the employee, and the employee's dependents if any, in the
38 New Jersey Educators Health Plan for the plan year beginning
39 January 1, 2021 and ending December 31, 2021.

40 During the enrollment period, any person who is enrolled in a
41 plan offered by the program and who is paying the full cost of
42 health care benefits coverage shall also be required to select
43 affirmatively one of the three plans specified in subsection a. of this
44 section. If a person fails to select affirmatively a plan during this
45 enrollment period, the program shall enroll the person, and the
46 person's dependents if any, in the New Jersey Educators Health Plan
47 for the plan year beginning January 1, 2021 and ending December
48 31, 2021. 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.

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

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

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

39 d. Beginning ~~July 1, 2021~~ January 1, 2022 and for each plan
40 year thereafter, the program shall offer a fourth plan to be called the
41 Garden State Health Plan. The plan shall be developed by the
42 School Employees' Health Benefits Plan Design Committee. If the
43 committee does not adopt a design for the Garden State Health Plan
44 by December 31, 2020, the Division of Pensions and Benefits in the
45 Department of the Treasury ~~shall~~ may develop the Garden State
46 Health Plan. The program shall provide an enrollment period prior
47 to January 1, 2022.

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

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

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

16 e. The plan design of the New Jersey Educators Health Plan,
17 the Garden State Health Plan, the NJ Direct 10 plan, and the NJ
18 Direct 15 plan as those plan designs are specified in subsections a.,
19 d., and f. of this section shall remain unchanged until December 31,
20 2027. No change in the plan design of those plans shall be made
21 before that date unless such a change in plan design is required by
22 federal or State law to governmental health care benefits plans or to
23 both governmental and non-governmental health care benefits
24 plans.

25 For the plan year that commences January 1, 2028 and for each
26 plan year thereafter, the plan design of the New Jersey Educators
27 Health Plan, the Garden State Health Plan, the NJ Direct 10 plan,
28 and the NJ Direct 15 plan as those plan designs are specified in
29 subsections a., d., and f. of this section may be modified by the
30 School Employees' Health Benefits Plan Design Committee.

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

36 f. The plan design of the New Jersey Educators Health Plan
37 shall be the following:

38 In Network Benefits

39 Coverage

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

42 Deductible:N/A

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

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

46 PCP Office Visit Copayment:\$10

47 Specialist Office Visit Copayment\$15Out-of-Network Benefits

48 Coverage

1 Member Coinsurance:30% of the Out-of-Network Fee Schedule
2 Deductible:\$350 / \$700
3 Out-of-Pocket Maximum:\$2,000 Single / \$5,000 Family Routine
4 Lab:Paid at Out-of-Network Benefit Level
5 Out-of-Network Fee Schedule:200% of CMS - MedicarePharmacy
6 Out-of-Pocket Maximum:\$1,600 Single / \$3,200 Family (Indexed
7 Annually Pursuant to Federal Law)Generic Copayment:\$5 Retail 30
8 Day Supply / \$10 Mail 90 Day SupplyBrand Copayment:\$10 Retail
9 30 Day Supply/ \$20 Mail 90 Day SupplyMandatory
10 Generic:Member Pays Difference in Cost Between Generic and
11 Brand, Plus Brand CopaymentFormulary: Closed Formulary as
12 contracted with the Pharmacy Benefit Manager and the School
13 Employees' Health Benefits CommissionOther
14 Chiropractic, Physical Therapy, and Acupuncture:
15 Subject to the same Out-of-Network Limits as for the State Health
16 Benefits Program as were in effect on June 1, 2020 to take effect as
17 of July 1, 2020, or as soon thereafter as reasonably practicable.

18 Under a patient centered medical home model, there shall be no
19 office visit copay for primary care for participants who select and
20 commit to a patient centered medical home for primary care in
21 accordance with plan rules and regulations.

22 g. Any plan offered by the School Employees' Health Benefits
23 Program shall require that chiropractic, physical therapy, and
24 acupuncture benefits shall be subject to the same out-of-network
25 limits as for the State Health Benefits Program that were in effect
26 on June 1, 2020 to take effect as of July 1, 2020 or as soon
27 thereafter as
28 reasonably practicable.
29 (cf: P.L.2020, c.44, s.1)

30
31 3. This act shall take effect immediately.
32
33

34 STATEMENT

35
36 A recently enacted law, P.L.2020, c.44, requires local boards of
37 education who do not participate in the School Employees' Health
38 Benefits Plan (SEHBP) to provide to their employees the equivalent
39 of the New Jersey Educators Health Plan and the Garden State
40 Health Plan offered by the SEHBP. Under this bill, charter school
41 employers do not have to implement the law unless they have a
42 collective negotiation agreement with any of their employees in
43 effect on or after the effective date of P.L.2020, c.44, July 1, 2020.

44 This bill changes the effective date of the new Garden State
45 Health Plan for the School Employees' Health Benefits Program
46 and for local education employers, as established by P.L.2020, c.44,
47 from July 1, 2021 to January 1, 2022 to provide additional time to
48 develop the plan and to require an enrollment period. The bill

A5825 COUGHLIN

11

1 changes the requirement that the Division of Pensions and Benefits
2 design the Garden State Health Plan if the School Employees'
3 Health Benefits Program plan design committee does not design a
4 plan by December 31, 2020. Instead, the bill permits the division to
5 design the plan.

ASSEMBLY STATE AND LOCAL GOVERNMENT
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5825

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 9, 2021

The Assembly State and Local Government Committee reports favorably and with committee amendments Assembly Bill No. 5825.

This bill, as amended, changes the effective date of the new Garden State Health Plan for the School Employees' Health Benefits Program and for local education employers, as established by P.L.2020, c.44, from July 1, 2021 to January 1, 2022 to provide additional time to develop the plan and to require an enrollment period. The bill changes the requirement that the Division of Pensions and Benefits design the Garden State Health Plan if the School Employees' Health Benefits Program plan design committee does not design a plan by December 31, 2020. Instead, the bill permits the division to design the plan.

Under the bill, charter school and renaissance school employers do not have to implement the provisions of P.L.2020, c.44 unless they had a collective negotiation agreement with any of their employees in effect on or before the effective date of P.L.2020, c.44, July 1, 2020.

The bill clarifies that the mandatory enrollment in the New Jersey Educators Health Plan of education employees who commenced employment on or after the effective date of P.L.2020, c.44 does not apply to any education employee who was hired before the effective date of P.L.2020, 44 but did not enroll or was not eligible to enroll at that time in a health care benefits plan offered by the employer.

The bill provides that, for any period of time during which the school district as an employer does not have to pay a premium or periodic charge for any health care benefits plan or program provided to its employees through the School Employees' Health Benefits Program, pursuant to law, or pursuant to a collective bargaining agreement, an employee enrolled in such plan or program will not be required to make the employee's contribution toward that premium or periodic charge during that period of time.

The bill requires a board of education and the majority representative of its employees to engage in collective negotiations to substantially mitigate the financial impact of the difference when the

net cost, which is the cost after deducting employee contributions, to the employer for health care benefits is lower than the cost to the employer would be compared to the New Jersey Educators Health Plan. Substantial mitigation may include modifications to plan level offerings or contributions for the New Jersey Educators Health Plan or the equivalent plan, or to both plan level offerings and contributions.

The bill also requires any school district with an increase in net cost as a result of the changes in P.L.2020, c.44 to commence negotiations immediately, unless mutually agreed upon by the employer and the majority representative of employees to opt to substantially mitigate the financial impact to the employer as part of the next collective negotiations agreement which may include, but not be limited to, salary increases, step guides, or other terms and conditions of employment.

COMMITTEE AMENDMENTS

The amendment clarifies that the mandatory enrollment in the New Jersey Educators Health Plan of education employees who commenced employment on or after the effective date of P.L.2020, c.44 does not apply to any education employee who was hired before the effective date of P.L.2020, 44 but did not enroll or was not eligible to enroll at that time in a health care benefits plan offered by the employer.

The amendment also adds renaissance school employers to the exemption provided by the bill for charter school employers that do not have to implement the law unless they have a collective negotiation agreement with any of their employees in effect on or before the effective date of P.L.2020, c.44, July 1, 2020.

The amendment provides, for any period of time during which the school district as an employer does not have to pay a premium or periodic charge for any health care benefits plan or program provided to its employees through the School Employees' Health Benefits Program, pursuant to law, or pursuant to a collective bargaining agreement, an employee enrolled in such plan or program will not be required to make the employee's contribution toward that premium or periodic charge during that period of time.

The amendment requires a board of education and the majority representative of its employees to engage in collective negotiations to substantially mitigate the financial impact of the difference when the net cost, which is the cost after deducting employee contributions, to the employer for health care benefits is lower than the cost to the employer would be compared to the New Jersey Educators Health Plan. Substantial mitigation may include modifications to plan level offerings or contributions for the New Jersey Educators Health Plan or the equivalent plan, or to both plan level offerings and contributions.

The amendment also requires any school district with an increase in net cost as a result of the changes in P.L.2020, c.44 to commence negotiations immediately, unless mutually agreed upon by the

employer and the majority representative of employees to opt to substantially mitigate the financial impact to the employer as part of the next collective negotiations agreement which may include, but not be limited to, salary increases, step guides, or other terms and conditions of employment.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 5825

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 16, 2021

The Assembly Appropriations Committee reports favorably Assembly Bill No. 5825 (1R), with committee amendments.

This bill, changes the effective date of the new Garden State Health Plan for the School Employees' Health Benefits Program and for local education employers, as established by P.L.2020, c.44, from July 1, 2021 to January 1, 2022 to provide additional time to develop the plan and to require an enrollment period. The bill changes the requirement that the Division of Pensions and Benefits design the Garden State Health Plan if the School Employees' Health Benefits Program plan design committee does not design a plan by December 31, 2020. Instead, the bill permits the division to design the plan.

Under the bill, charter school and renaissance school employers do not have to implement the provisions of P.L.2020, c.44 unless they had a collective negotiation agreement with any of their employees in effect on or after the effective date of P.L.2020, c.44, July 1, 2020.

The bill clarifies that the mandatory enrollment in the New Jersey Educators Health Plan of education employees who commenced employment on or after the effective date of P.L.2020, c.44 does not apply to any education employee who was hired before the effective date of P.L.2020, 44 but did not enroll or was not eligible to enroll at that time in a health care benefits plan offered by the employer.

The bill provides that, for any period of time during which the school district as an employer does not have to pay a premium or periodic charge for any health care benefits plan or program provided to its employees through the School Employees' Health Benefits Program, pursuant to law, or pursuant to a collective bargaining agreement, an employee enrolled in such plan or program will not be required to make the employee's contribution toward that premium or periodic charge during that period of time.

The bill requires a board of education and the majority representative of its employees to engage in collective negotiations to substantially mitigate the financial impact of the difference when the net cost, which is the cost after deducting employee contributions, to the employer for health care benefits is lower than the cost to the employer would be compared to the New Jersey Educators Health Plan. Substantial mitigation may include modifications to plan level offerings or contributions for the New Jersey Educators Health Plan or the equivalent plan, or to both plan level offerings and contributions.

The bill also requires any school district with an increase in net cost as a result of the changes in P.L.2020, c.44 to commence negotiations immediately, unless mutually agreed upon by the employer and the majority representative of employees to opt to substantially mitigate the financial impact to the employer as part of the next collective negotiations agreement which may include, but not be limited to, salary increases, step guides, or other terms and conditions of employment.

COMMITTEE AMENDMENTS:

This amendment will change to which charter schools and renaissance schools certain requirements of P.L.2020, c.44 will apply. They will apply to those that have a collective negotiations agreement with any of their employees in effect on or after, instead of before, the effective date of P.L.2020, c.44.

FISCAL IMPACT:

The Office of Legislative Services (OLS) concludes that the impact of this bill cannot be determined because information is not available on the estimated cost of the new Garden State Health Plan; number of employees impacted by the bill and their salaries and types of coverage; health care benefits plans and programs provided by local boards of education, charter schools, and renaissance schools to employees and the cost of those plans and programs; the contributions made by those employees for those plans or programs; the results of collective negotiations required by the bill to substantially mitigate the financial impact of P.L.2020, c.44; and how often employer's do not have to pay health care premiums.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 5825

STATE OF NEW JERSEY 219th LEGISLATURE

DATED: JUNE 21, 2021

SUMMARY

- Synopsis:** Changes effective date of Garden State Health Plan; exempts certain charter and renaissance schools from certain healthcare plan requirements; requires certain negotiations over certain health care costs.
- Type of Impact:** Indeterminate impact to State and local boards of education.
- Agencies Affected:** School Employees' Health Benefits Program, local boards of education.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Impact		Indeterminate	
Local Impact – Boards of Education		Indeterminate	

- The Office of Legislative Services (OLS) concludes that the impact of this bill cannot be determined because information is not available on the estimated cost of the new Garden State Health Plan; number of employees impacted by the bill and their salaries and types of coverage; health care benefits plans and programs provided by local boards of education, charter schools, and renaissance schools to employees and the cost of those plans and programs; the contributions made by those employees for those plans or programs; the results of collective negotiations required by the bill to substantially mitigate the financial impact of P.L.2020, c.44; and how often employer's do not have to pay health care premiums.

BILL DESCRIPTION

This bill changes the effective date of the new Garden State Health Plan for the School Employees' Health Benefits Program and for local education employers, as established by P.L.2020, c.44, from July 1, 2021 to January 1, 2022 to provide additional time to develop the plan and to require an enrollment period. The bill changes the requirement that the Division

of Pensions and Benefits design the Garden State Health Plan if the School Employees' Health Benefits Program plan design committee does not design a plan by December 31, 2020. Instead, the bill permits the division to design the plan.

Under the bill, charter school and renaissance school employers do not have to implement the provisions of P.L.2020, c.44 unless they had a collective negotiation agreement with any of their employees in effect on or before the effective date of P.L.2020, c.44, July 1, 2020.

The bill clarifies that the mandatory enrollment in the New Jersey Educators Health Plan of education employees who commenced employment on or after the effective date of P.L.2020, c.44 does not apply to any education employee who was hired before the effective date of P.L.2020, 44 but did not enroll or was not eligible to enroll at that time in a health care benefits plan offered by the employer.

The bill provides that, for any period of time during which the school district as an employer does not have to pay a premium or periodic charge for any health care benefits plan or program provided to its employees through the School Employees' Health Benefits Program, pursuant to law, or pursuant to a collective bargaining agreement, an employee enrolled in such plan or program will not be required to make the employee's contribution toward that premium or periodic charge during that period of time.

The bill requires a board of education and the majority representative of its employees to engage in collective negotiations to substantially mitigate the financial impact of P.L.2020, c.44 when the net cost, which is the cost after deducting employee contributions, to the employer for health care benefits is lower than the cost to the employer would be compared to the New Jersey Educators Health Plan. Substantial mitigation may include modifications to plan level offerings or contributions for the New Jersey Educators Health Plan or the equivalent plan, or to both plan level offerings and contributions.

The bill also requires any school district with an increase in net cost as a result of the changes in P.L.2020, c.44 to commence negotiations immediately, unless mutually agreed upon by the employer and the majority representative of employees to opt to substantially mitigate the financial impact to the employer as part of the next collective negotiations agreement which may include, but not be limited to, salary increases, step guides, or other terms and conditions of employment.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the impact of this bill cannot be determined because information is not available on the estimated cost of the new Garden State Health Plan; number of employees impacted by the bill and their salaries and types of coverage; health care benefits plans and programs provided by local boards of education, charter schools, and renaissance schools to employees and the cost of those plans and programs; the contributions made by those employees for those plans or programs; the results of collective negotiations required by the bill to substantially mitigate the financial impact of P.L.2020, c.44; and how often employer's do not have to pay health care premiums.

Section: State Government

*Analyst: Aggie Szilagy
Section Chief*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

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

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

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 5825

STATE OF NEW JERSEY 219th LEGISLATURE

DATED: JUNE 28, 2021

SUMMARY

- Synopsis:** Changes effective date of Garden State Health Plan; exempts certain charter and renaissance schools from certain healthcare plan requirements; requires certain negotiations over certain health care costs.
- Type of Impact:** Indeterminate impact to State and local boards of education.
- Agencies Affected:** School Employees' Health Benefits Program, local boards of education.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Impact		Indeterminate	
Local Impact – Boards of Education		Indeterminate	

- The Office of Legislative Services (OLS) concludes that the impact of this bill cannot be determined because information is not available on the estimated cost of the new Garden State Health Plan; number of employees impacted by the bill and their salaries and types of coverage; health care benefits plans and programs provided by local boards of education, charter schools, and renaissance schools to employees and the cost of those plans and programs; the contributions made by those employees for those plans or programs; the results of collective negotiations required by the bill to substantially mitigate the financial impact of P.L.2020, c.44; and how often employer's do not have to pay health care premiums.

BILL DESCRIPTION

This bill changes the effective date of the new Garden State Health Plan for the School Employees' Health Benefits Program and for local education employers, as established by P.L.2020, c.44, from July 1, 2021 to January 1, 2022 to provide additional time to develop the plan and to require an enrollment period. The bill changes the requirement that the Division

of Pensions and Benefits design the Garden State Health Plan if the School Employees' Health Benefits Program plan design committee does not design a plan by December 31, 2020. Instead, the bill permits the division to design the plan.

Under the bill, charter school and renaissance school employers do not have to implement the provisions of P.L.2020, c.44 unless they had a collective negotiation agreement with any of their employees in effect on or after the effective date of P.L.2020, c.44, July 1, 2020.

The bill clarifies that the mandatory enrollment in the New Jersey Educators Health Plan of education employees who commenced employment on or after the effective date of P.L.2020, c.44 does not apply to any education employee who was hired before the effective date of P.L.2020, 44 but did not enroll or was not eligible to enroll at that time in a health care benefits plan offered by the employer.

The bill provides that, for any period of time during which the school district as an employer does not have to pay a premium or periodic charge for any health care benefits plan or program provided to its employees through the School Employees' Health Benefits Program, pursuant to law, or pursuant to a collective bargaining agreement, an employee enrolled in such plan or program will not be required to make the employee's contribution toward that premium or periodic charge during that period of time.

The bill requires a board of education and the majority representative of its employees to engage in collective negotiations to substantially mitigate the financial impact of P.L.2020, c.44 when the net cost, which is the cost after deducting employee contributions, to the employer for health care benefits is lower than the cost to the employer would be compared to the New Jersey Educators Health Plan. Substantial mitigation may include modifications to plan level offerings or contributions for the New Jersey Educators Health Plan or the equivalent plan, or to both plan level offerings and contributions.

The bill also requires any school district with an increase in net cost as a result of the changes in P.L.2020, c.44 to commence negotiations immediately, unless mutually agreed upon by the employer and the majority representative of employees to opt to substantially mitigate the financial impact to the employer as part of the next collective negotiations agreement which may include, but not be limited to, salary increases, step guides, or other terms and conditions of employment.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the impact of this bill cannot be determined because information is not available on the estimated cost of the new Garden State Health Plan; number of employees impacted by the bill and their salaries and types of coverage; health care benefits plans and programs provided by local boards of education, charter schools, and renaissance schools to employees and the cost of those plans and programs; the contributions made by those employees for those plans or programs; the results of collective negotiations required by the bill to substantially mitigate the financial impact of P.L.2020, c.44; and how often employer's do not have to pay health care premiums.

Section: State Government

*Analyst: Aggie Szilagyi
Section Chief*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

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

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

SENATE, No. 3487

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED MARCH 4, 2021

Sponsored by:

Senator STEPHEN M. SWEENEY

District 3 (Cumberland, Gloucester and Salem)

SYNOPSIS

Changes effective date of Garden State Health Plan and provides open enrollment period; exempts certain charter schools from certain healthcare plan requirements.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning health care benefits plans provided to public
2 employees by the School Employees' Health Benefits Program
3 and certain boards of educations and amending P.L.2020, c.44.
4

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

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

10 5. This section shall apply to local boards of education and
11 employers, as specified in subsection **[j]** k. of this section, who do
12 not participate in the School Employees' Health Benefits Program.

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

22 Beginning **[July 1, 2021]** January 1, 2022 and for each plan year
23 thereafter, a board of education as an employer providing health care
24 benefits coverage for its employees, and their dependents if any, in
25 accordance with P.L.1979, c.391 (C.18A:16-12 et seq.) shall also
26 offer a plan for its employees, and their dependents if any, that is the
27 equivalent of the Garden State Health Plan in the School Employees'
28 Health Benefits Program. The board shall provide an enrollment
29 period prior to January 1, 2022.

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

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

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

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

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

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

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

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

41 d. An employee shall contribute annually toward the cost of
42 health care benefits coverage for the employee, and employee's
43 dependents if any, the amount specified, in the manner specified, in
44 subsection a. or b. of section 2 of this act, P.L.2020, c.44 (C.52:14-
45 17.46.14) if the employee, and the employee's dependents if any, are
46 enrolled in the equivalent New Jersey Educators Health Plan or the
47 equivalent Garden State Health Plan offered pursuant to subsection
48 a. of this section. An employee's contribution toward the cost of
49 coverage under the equivalent Garden State Health Plan offered

1 pursuant to subsection a. of this section shall be the amount required
2 in subsection b. of section 2 of this act, except that the contribution
3 specified in that subsection shall not be less than the minimum annual
4 contribution for health care benefits coverage of 1.5% of salary as
5 required by law.

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

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

22 An employee who is enrolled in a plan other than the equivalent
23 New Jersey Educators Health Plan or the equivalent Garden State
24 Health Plan offered pursuant to subsection a. of this section shall be
25 required to contribute toward the cost of health care benefits
26 coverage offered by the employer (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 pursuant to the
29 requirements that were set forth in law on the day next preceding that
30 effective date; (b) as may be required at the discretion of the
31 employer; or (c) as required by a provision of law, whichever is
32 applicable to that employee.

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

1 Jersey Educators Health Plan or the equivalent Garden State Health
2 Plan offered pursuant to subsection a. of this section.

3 (3) 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.

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

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

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

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

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

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

8 k. This section shall also apply **【also】** when health care benefits
9 coverage is provided through an insurance fund or joint insurance
10 fund or any other manner. This section shall apply to any employer,
11 as that term is defined in section 32 of P.L.2007, c.103 (C.52:14-
12 17.46.2), that is not a participating employer in the School
13 Employees' Health Benefits Program. This section shall not apply to
14 charter school employers unless they have a collective negotiations
15 agreement with any of their employees in effect on or after the
16 effective date of P.L.2020, c.44.
17 (cf: P.L.2020, c.44, s.5)

18

19 2. Section 1 of P.L.2020, c.44 (C.52:14-17.46.13) is amended to
20 read as follows:

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

25 a. (1) Notwithstanding the provisions of any other law, rule, or
26 regulation to the contrary, beginning with the plan year that
27 commences January 1, 2021 and for each plan year thereafter, the
28 School Employees' Health Benefits Program shall offer only three
29 plans that provide medical and prescription drug benefits for
30 employees, and retirees who are not Medicare-eligible, and their
31 dependents if any. All other plans offered prior to January 1, 2021
32 for employees, and retirees who are not Medicare-eligible, and their
33 dependents if any, shall be terminated.

34 The three plans shall be the New Jersey Educators Health Plan as
35 developed by the School Employees' Health Benefits Plan Design
36 Committee in accordance with subsection f. of this section which sets
37 forth the plan design of the New Jersey Educators Health Plan; the
38 SEHBP NJ Direct 10 plan as adopted and implemented by the School
39 Employees' Health Benefits Commission for the plan year that began
40 January 1, 2020; and the SEHBP NJ Direct 15 plan as adopted and
41 implemented by the School Employees' Health Benefits Commission
42 for the plan year that began January 1, 2020.

43 Employers that participate in the School Employees' Health
44 Benefits Program shall retain the ability to enter the program for
45 medical only plans and may separately purchase pharmacy and dental
46 benefits outside of the program without limitation or restriction.

47 (2) Only the plans set forth in this section shall be offered by the
48 program regardless of any collective negotiations agreement between
49 a participating employer and its employees in effect on the effective

1 date of this act, P.L.2020, c.44, that provides for enrollment in other
2 plans that were offered by the program prior to January 1, 2021.

3 b. Prior to January 1, 2021, the program, through the Division of
4 Pensions and Benefits in the Department of the Treasury, shall
5 provide for an enrollment period during which all employees who
6 commenced employment prior to the effective date of this act shall
7 be required to select affirmatively one of the three plans specified in
8 subsection a. of this section. If an employee fails to select
9 affirmatively a plan during this enrollment period, the program shall
10 enroll the employee, and the employee's dependents if any, in the
11 New Jersey Educators Health Plan for the plan year beginning
12 January 1, 2021 and ending December 31, 2021.

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

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

40 (2) For the plan year beginning January 1, 2021, the program
41 shall enroll a retiree who is not Medicare-eligible, and the retiree's
42 dependents if any, in the New Jersey Educators Health Plan for health
43 care benefits coverage as a retiree, if the retiree does not waive
44 coverage. The retiree shall remain enrolled in that plan for each plan
45 year through the plan year that ends December 31, 2027 or until the
46 retiree becomes eligible for Medicare, whichever comes first. The
47 retiree who becomes eligible for Medicare shall no longer be eligible
48 for enrollment in the New Jersey Educators Health Plan, except that
49 any dependent of the retiree who is not eligible for Medicare may

1 remain eligible for coverage under the New Jersey Educators Health
2 Plan. For the plan year beginning January 1, 2028, that retiree who is
3 not Medicare-eligible may select, during any open enrollment period
4 or at such other times or under such conditions as the program may
5 provide, any plan offered by the program.

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

9 d. Beginning **July 1, 2021** January 1, 2022 and for each plan
10 year thereafter, the program shall offer a fourth plan to be called the
11 Garden State Health Plan. The plan shall be developed by the School
12 Employees' Health Benefits Plan Design Committee. If the
13 committee does not adopt a design for the Garden State Health Plan
14 by December 31, 2020, the Division of Pensions and Benefits in the
15 Department of the Treasury **shall** may develop the Garden State
16 Health Plan. The program shall provide an enrollment period prior
17 to January 1, 2022.

18 The Garden State Health Plan shall provide medical and
19 prescription drug benefits that are equivalent to the level of medical
20 and prescription drug benefits provided by the New Jersey Educators
21 Health Plan, except that the benefits under the Garden State Health
22 Plan shall be available only from providers located in the State of
23 New Jersey.

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

28 Employers that participate in the School Employees' Health
29 Benefits Program shall retain the ability to enter the program for
30 medical only plans and may separately purchase pharmacy and dental
31 benefits outside of the program without limitation or restriction.

32 e. The plan design of the New Jersey Educators Health Plan, the
33 Garden State Health Plan, the NJ Direct 10 plan, and the NJ Direct
34 15 plan as those plan designs are specified in subsections a., d., and
35 f. of this section shall remain unchanged until December 31, 2027.
36 No change in the plan design of those plans shall be made before that
37 date unless such a change in plan design is required by federal or
38 State law to governmental health care benefits plans or to both
39 governmental and non-governmental health care benefits plans.

40 For the plan year that commences January 1, 2028 and for each
41 plan year thereafter, the plan design of the New Jersey Educators
42 Health Plan, the Garden State Health Plan, the NJ Direct 10 plan, and
43 the NJ Direct 15 plan as those plan designs are specified in
44 subsections a., d., and f. of this section may be modified by the
45 School Employees' Health Benefits Plan Design Committee.

46 Modifications to plan design of the plans set forth in this section
47 made by the School Employees' Health Benefits Plan Design
48 Committee or the State Treasurer pursuant to section 7 of this act

1 shall be implemented by the program for the purposes of this section
2 commencing January 1, 2024.

3 f. The plan design of the New Jersey Educators Health Plan
4 shall be the following:

5 In Network Benefits

6 Coverage

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

9 Deductible:N/A

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

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

13 PCP Office Visit Copayment:\$10

14 Specialist Office Visit Copayment\$15Out-of-Network Benefits

15 Coverage

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

17 Deductible:\$350 / \$700

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

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

20 Out-of-Network Fee Schedule:200% of CMS - MedicarePharmacy

21 Out-of-Pocket Maximum:\$1,600 Single / \$3,200 Family (Indexed
22 Annually Pursuant to Federal Law)Generic Copayment:\$5 Retail 30

23 Day Supply / \$10 Mail 90 Day SupplyBrand Copayment:\$10 Retail

24 30 Day Supply/ \$20 Mail 90 Day SupplyMandatory Generic:Member

25 Pays Difference in Cost Between Generic and Brand, Plus Brand

26 CopaymentFormulary: Closed Formulary as contracted with the

27 Pharmacy Benefit Manager and the School Employees' Health

28 Benefits CommissionOther

29 Chiropractic, Physical Therapy, and Acupuncture:

30 Subject to the same Out-of-Network Limits as for the State Health

31 Benefits Program as were in effect on June 1, 2020 to take effect as

32 of July 1, 2020, or as soon thereafter as reasonably practicable.

33 Under a patient centered medical home model, there shall be no

34 office visit copay for primary care for participants who select and

35 commit to a patient centered medical home for primary care in

36 accordance with plan rules and regulations.

37 g. Any plan offered by the School Employees' Health Benefits

38 Program shall require that chiropractic, physical therapy, and

39 acupuncture benefits shall be subject to the same out-of-network

40 limits as for the State Health Benefits Program that were in effect on

41 June 1, 2020 to take effect as of July 1, 2020 or as soon thereafter as

42 reasonably practicable.

43 (cf: P.L.2020, c.44, s.1)

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45 3. This act shall take effect immediately.

STATEMENT

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A recently enacted law, P.L.2020, c.44, requires local boards of education who do not participate in the School Employees' Health Benefits Plan (SEHBP) to provide to their employees the equivalent of the New Jersey Educators Health Plan and the Garden State Health Plan offered by the SEHBP. Under this bill, charter school employers do not have to implement the law unless they have a collective negotiation agreement with any of their employees in effect on or after the effective date of P.L.2020, c.44, July 1, 2020.

This bill changes the effective date of the new Garden State Health Plan for the School Employees' Health Benefits Program and for local education employers, as established by P.L.2020, c.44, from July 1, 2021 to January 1, 2022 to provide additional time to develop the plan and to require an enrollment period. The bill changes the requirement that the Division of Pensions and Benefits design the Garden State Health Plan if the School Employees' Health Benefits Program plan design committee does not design a plan by December 31, 2020. Instead, the bill permits the division to design the plan.

SENATE STATE GOVERNMENT, WAGERING, TOURISM &
HISTORIC PRESERVATION COMMITTEE

STATEMENT TO
SENATE, No. 3487

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 3, 2021

The Senate State Government, Wagering, Tourism and Historic Preservation Committee reports favorably and with committee amendments Senate Bill No. 3487.

This bill, as amended, changes the effective date of the new Garden State Health Plan for the School Employees' Health Benefits Program and for local education employers, as established by P.L.2020, c.44, from July 1, 2021 to January 1, 2022 to provide additional time to develop the plan and to require an enrollment period. The bill changes the requirement that the Division of Pensions and Benefits design the Garden State Health Plan if the School Employees' Health Benefits Program plan design committee does not design a plan by December 31, 2020. Instead, the bill permits the division to design the plan.

Under the bill, charter school and renaissance school employers do not have to implement the provisions of P.L.2020, c.44 unless they had a collective negotiation agreement with any of their employees in effect on or before the effective date of P.L.2020, c.44, July 1, 2020.

The bill clarifies that the mandatory enrollment in the New Jersey Educators Health Plan of education employees who commenced employment on or after the effective date of P.L.2020, c.44 does not apply to any education employee who was hired before the effective date of P.L.2020, 44 but did not enroll or was not eligible to enroll at that time in a health care benefits plan offered by the employer.

The bill provides that, for any period of time during which the school district as an employer does not have to pay a premium or periodic charge for any health care benefits plan or program provided to its employees through the School Employees' Health Benefits Program, pursuant to law, or pursuant to a collective bargaining agreement, an employee enrolled in such plan or program will not be required to make the employee's contribution toward that premium or periodic charge during that period of time.

The bill requires a board of education and the majority representative of its employees to engage in collective negotiations to

substantially mitigate the financial impact of the difference when the net cost, which is the cost after deducting employee contributions, to the employer for health care benefits is lower than the cost to the employer would be compared to the New Jersey Educators Health Plan. Substantial mitigation may include modifications to plan level offerings or contributions for the New Jersey Educators Health Plan or the equivalent plan, or to both plan level offerings and contributions.

The bill also requires any school district with an increase in net cost as a result of the changes in P.L.2020, c.44 to commence negotiations immediately, unless mutually agreed upon by the employer and the majority representative of employees to opt to substantially mitigate the financial impact to the employer as part of the next collective negotiations agreement which may include, but not be limited to, salary increases, step guides, or other terms and conditions of employment.

COMMITTEE AMENDMENTS

The amendment clarifies that the mandatory enrollment in the New Jersey Educators Health Plan of education employees who commenced employment on or after the effective date of P.L.2020, c.44 does not apply to any education employee who was hired before the effective date of P.L.2020, 44 but did not enroll or was not eligible to enroll at that time in a health care benefits plan offered by the employer.

The amendment also adds renaissance school employers to the exemption provided by the bill for charter school employers that do not have to implement the law unless they have a collective negotiation agreement with any of their employees in effect on or before the effective date of P.L.2020, c.44, July 1, 2020.

The amendment provides, for any period of time during which the school district as an employer does not have to pay a premium or periodic charge for any health care benefits plan or program provided to its employees through the School Employees' Health Benefits Program, pursuant to law, or pursuant to a collective bargaining agreement, an employee enrolled in such plan or program will not be required to make the employee's contribution toward that premium or periodic charge during that period of time.

The amendment requires a board of education and the majority representative of its employees to engage in collective negotiations to substantially mitigate the financial impact of the difference when the net cost, which is the cost after deducting employee contributions, to the employer for health care benefits is lower than the cost to the employer would be compared to the New Jersey Educators Health Plan. Substantial mitigation may include modifications to plan level offerings or contributions for the New Jersey Educators Health Plan or the equivalent plan, or to both plan level offerings and contributions.

The amendment also requires any school district with an increase in net cost as a result of the changes in P.L.2020, c.44 to commence

negotiations immediately, unless mutually agreed upon by the employer and the majority representative of employees to opt to substantially mitigate the financial impact to the employer as part of the next collective negotiations agreement which may include, but not be limited to, salary increases, step guides, or other terms and conditions of employment.

STATEMENT TO
[First Reprint]
SENATE, No. 3487

with Senate Floor Amendments
(Proposed by Senator SWEENEY)

ADOPTED: JUNE 21, 2021

This Senate amendment will change to which charter schools and renaissance schools certain requirements of P.L.2020, c.44 will apply. They will apply to those that have a collective negotiations agreement with any of their employees in effect on or after, instead of before, the effective date of P.L.2020, c.44.

The amendment also provides that, in the event that a collective negotiations agreement specifically addresses a health care premium holiday, the collective negotiations agreement between a board of education and its employees will be controlling with regard to that matter.

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

SENATE, No. 3487

STATE OF NEW JERSEY 219th LEGISLATURE

DATED: JULY 1, 2021

SUMMARY

- Synopsis:** Changes effective date of Garden State Health Plan; exempts certain charter and renaissance schools from certain healthcare plan requirements; requires certain negotiations over certain health care costs.
- Type of Impact:** Indeterminate impact to the State and local boards of education.
- Agencies Affected:** School Employees' Health Benefits Program, local boards of education.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Impact		Indeterminate	
Local Impact – Boards of Education		Indeterminate	

- The Office of Legislative Services (OLS) concludes that the impact of this bill cannot be determined because information is not available on the estimated cost of the new Garden State Health Plan; number of employees impacted by the bill and their salaries and types of coverage; health care benefits plans and programs provided by local boards of education, charter schools, and renaissance schools to employees and the cost of those plans and programs; the contributions made by those employees for those plans or programs; the results of collective negotiations required by the bill to substantially mitigate the financial impact of P.L.2020, c.44; and how often employer's do not have to pay health care premiums.

BILL DESCRIPTION

This bill changes the effective date of the new Garden State Health Plan for the School Employees' Health Benefits Program and for local education employers, as established by P.L.2020, c.44, from July 1, 2021 to January 1, 2022 to provide additional time to develop the plan and to require an enrollment period. The bill changes the requirement that the Division

of Pensions and Benefits design the Garden State Health Plan if the School Employees' Health Benefits Program plan design committee does not design a plan by December 31, 2020. Instead, the bill permits the division to design the plan.

Under the bill, charter school and renaissance school employers do not have to implement the provisions of P.L.2020, c.44 unless they had a collective negotiation agreement with any of their employees in effect on or before the effective date of P.L.2020, c.44, July 1, 2020.

The bill clarifies that the mandatory enrollment in the New Jersey Educators Health Plan of education employees who commenced employment on or after the effective date of P.L.2020, c.44 does not apply to any education employee who was hired before the effective date of P.L.2020, 44 but did not enroll or was not eligible to enroll at that time in a health care benefits plan offered by the employer.

The bill provides that, for any period of time during which the school district as an employer does not have to pay a premium or periodic charge for any health care benefits plan or program provided to its employees through the School Employees' Health Benefits Program, pursuant to law, or pursuant to a collective bargaining agreement, an employee enrolled in such plan or program will not be required to make the employee's contribution toward that premium or periodic charge during that period of time.

The bill requires a board of education and the majority representative of its employees to engage in collective negotiations to substantially mitigate the financial impact of P.L.2020, c.44 when the net cost, which is the cost after deducting employee contributions, to the employer for health care benefits is lower than the cost to the employer would be compared to the New Jersey Educators Health Plan. Substantial mitigation may include modifications to plan level offerings or contributions for the New Jersey Educators Health Plan or the equivalent plan, or to both plan level offerings and contributions.

The bill also requires any school district with an increase in net cost as a result of the changes in P.L.2020, c.44 to commence negotiations immediately, unless mutually agreed upon by the employer and the majority representative of employees to opt to substantially mitigate the financial impact to the employer as part of the next collective negotiations agreement which may include, but not be limited to, salary increases, step guides, or other terms and conditions of employment.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the impact of this bill cannot be determined because information is not available on the estimated cost of the new Garden State Health Plan; number of employees impacted by the bill and their salaries and types of coverage; health care benefits plans and programs provided by local boards of education, charter schools, and renaissance schools to employees and the cost of those plans and programs; the contributions made by those employees for those plans or programs; the results of collective negotiations required by the bill to substantially mitigate the financial impact of P.L.2020, c.44; and how often employer's do not have to pay health care premiums.

Section: State Government

*Analyst: Aggie Szilagy
Section Chief*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

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

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

Governor Murphy Takes Action on Legislation

07/7/2021

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

A-850 wGR/S-2864 (Chiaravalloti, Karabinchak, Reynolds-Jackson/Oroho, Singleton) – Establishes “Broadband Access Study Commission”

A-4804/S-3115 (Downey, Houghtaling, Speight/Gopal, Pou) – Modifies process for obtaining working certificates for minors

A-5825/S-3487 (Coughlin/Sweeney) – Changes effective date of Garden State Health Plan; exempts certain charter and renaissance schools from certain healthcare plan requirements; requires certain negotiations over certain health care costs