

SENATE, No. 3

STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED FEBRUARY 8, 2010

Sponsored by:

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

Co-Sponsored by:

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

SYNOPSIS

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

CURRENT VERSION OF TEXT

As introduced.



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

5

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

8

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

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

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

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

Matter underlined thus is new matter.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28

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

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

37 A qualified retiree is a retiree who:

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

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

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

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

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

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

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

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

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

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

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

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

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

25

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

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

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

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

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

7

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

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

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

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

1 (a) retired on a disability pension; or

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

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

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

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

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

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

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

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

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

33

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

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

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

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

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

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

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

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

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

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

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

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

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

20

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

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

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

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

44

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

47 2. As used in this act:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21

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

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

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

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

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

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

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

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

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

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

16 g. The term "hospital" means:

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

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

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

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

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

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

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

13

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

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

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

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

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

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

18

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7
8 13. This act shall take effect on the 60th day following
9 enactment.

10
11
12 STATEMENT

13
14 Sections 1 through 6:

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

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

1 Section 7:

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

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

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

19

20 Section 8:

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

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

42

43 Section 9 and 10:

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

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

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

23

24 Section 11:

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

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

41

42 Section 12:

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

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

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