

[First Reprint]  
**SENATE, No. 3**

**STATE OF NEW JERSEY**  
**214th LEGISLATURE**

INTRODUCED FEBRUARY 8, 2010

**Sponsored by:**

**Senator MICHAEL J. DOHERTY**

**District 23 (Warren and Hunterdon)**

**Senator JIM WHELAN**

**District 2 (Atlantic)**

**Assemblywoman SHEILA Y. OLIVER**

**District 34 (Essex and Passaic)**

**Assemblyman ALEX DECROCE**

**District 26 (Morris and Passaic)**

**Co-Sponsored by:**

**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, Pennacchio, Ciesla and Haines**

**SYNOPSIS**

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

**CURRENT VERSION OF TEXT**

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

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

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

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

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

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

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

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Senate SSG committee amendments adopted February 18, 2010.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

41 A qualified retiree is a retiree who:

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

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

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

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

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

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

26

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

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

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

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

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

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

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

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

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

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

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

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

12

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

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

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

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

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

6 (a) retired on a disability pension; or

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

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

22 (d) retired and reached the age of 62 years or older with at least  
23 15 years of service with the employer, excluding service credited  
24 under the Defined Contribution Retirement Program.

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

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

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

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

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

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

38

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4

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

7 2. As used in this act:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22 (j) The term "successor plan" means a State managed care plan  
23 that shall replace the traditional plan and that shall provide benefits  
24 as set forth in subsection (B) of section 5 of P.L.1961, c.49  
25 (C.52:14-17.29) with provisions regarding reimbursements and  
26 payments as set forth in paragraph (1) of subsection (C) of section 5  
27 of P.L.1961, c.49 (C.52:14-17.29).  
28 (cf: P.L.2008, c.89, s.15)  
29

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

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

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

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

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

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

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

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

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

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

25 g. The term "hospital" means:

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

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

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

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

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

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

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

22

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17

18 <sup>1</sup>13. Section 6 of P.L.1979, c.391 (C.18A:16-17) is amended to  
19 read as follows:

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

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

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

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

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

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

1       <sup>1</sup>14. N.J.S.40A:10-21 is amended to read as follows:

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

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

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

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

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

30

31       <sup>1</sup>15. N.J.S.40A:10-23 is amended to read as follows:

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

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

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

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

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

35

36 <sup>1</sup>16. (New section) Commencing on the effective date of  
37 P.L. , c. (pending before the Legislature as this bill) and upon  
38 the expiration of any applicable binding collective negotiations  
39 agreement in force on that effective date, employees of a county  
40 college shall pay 1.5 percent of base salary, through the withholding  
41 of the contribution from the pay, salary or other compensation, for  
42 health care benefits coverage provided by the employer,  
43 notwithstanding any other amount that may be required additionally  
44 by the employer or through collective negotiations agreements for  
45 such coverage. This section shall apply also when the health care  
46 benefits coverage is provided through an insurance fund or joint  
47 insurance fund or in any other manner.<sup>1</sup>

1       <sup>1</sup>17. Section 3 of P.L.2003, c.3 (C.18A:64A-13.1) is amended to  
2 read as follows:

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

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

32

33       <sup>1</sup>18. Section 37 of P.L.1995, c.259 (C.40A:10-17.1) is amended to  
34 read as follows:

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

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

22

23 <sup>1</sup>[13.] 19.<sup>1</sup> This act shall take effect on the 60th day following  
24 enactment.