

**NJ League of Municipalities
NJ Council of County Colleges**

**NJ School Boards Association
NJ Association of Counties**

October 6, 2006

Mr. James Vari
Office of Legislative Services
PO Box 068
Trenton, NJ 08625

Dear Mr. Vari:

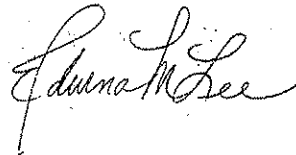
The NJ League of Municipalities, the NJ School Boards Association, the NJ Council of County Colleges, and the NJ Association of Counties have joined together in a statewide coalition to support recommendations for reforming the State Health Benefits Program (SHBP). These recommendations were first made by the Governor's Benefits Review Task Force in December 2005 and more recently by Fred Beaver, Director of the State Health Benefits Commission, in testimony to the Joint Legislative Committee on Public Employee Benefits Reform on September 13, 2006

The attached summary provides more details on these important recommendations. In short, they will give local employers like municipalities, schools districts, county colleges, and counties the same cost-sharing and cost-saving options that state government already has with state employees. And they will have a direct and positive impact on the local property tax burden throughout the state.

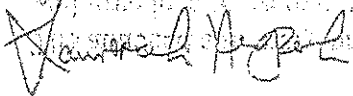
Sincerely,



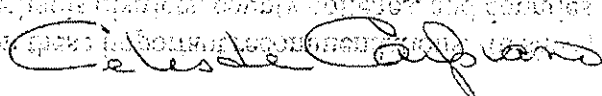
William Dressel
NJ League of Municipalities



Edwina Lee
NJ School Boards Association



Lawrence Nespoli
NJ Council of County Colleges



Celeste Carpiano
NJ Association of Counties

REFORMING THE STATE HEALTH BENEFITS PROGRAM FOR LOCAL EMPLOYERS

Background

State Health Benefits Program (SHBP) statutes were amended several years ago to provide more flexibility to the State in its attempts to better manage health care costs. However, what was originally one legislative proposal was split into two bills – one for the state and its employees, another for local employers (municipalities, school boards, county colleges, and counties) and their employees. The former was passed and signed into law; the latter was not. As a result, there are now two categories of participating employers in the SHBP – the state, which enjoys new flexibility in managing health care costs, and local employers who do not.

The New Jersey League of Municipalities, the New Jersey School Boards Association, the New Jersey Council of County Colleges, and the New Jersey Association of Counties have joined together in a statewide coalition to support the following recommendations first made by the Governor's Benefits Task Force (December 2005) and more recently by Fred Beaver, Director of the State Health Benefits Commission, in testimony to the Joint Legislative Committee on Public Employee Benefits.

In short, these recommendations will give local employers like municipalities, schools districts, county colleges, and counties the same cost-sharing and cost-saving options that state government already has with state employees.

Recommendations

1. **PERMIT LOCAL EMPLOYERS TO NEGOTIATE WITH THEIR EMPLOYEES OVER PREMIUM SHARING** – Current law requires that local employers pay the full cost of the employee premiums. We recommend amending the statute (N.J.S.A. 52:14-17) to permit negotiations at the bargaining table over premium sharing and accordingly we strongly support S2163 (Lesniak) for that purpose.
2. **PERMIT LOCAL EMPLOYERS TO OFFER INCENTIVES TO DISCOURAGE OR ELIMINATE DUPLICATE/MULTIPLE COVERAGES** – Current law sometimes precludes local employers from offering incentives to employees to waive duplicate coverage. We recommend changes in statute to permit local employers to offer such incentives.
3. **PERMIT LOCAL EMPLOYERS TO NEGOTIATE VARIATIONS IN LEVELS OF COVERAGE** – Current regulations preclude the negotiation of “tiered” coverage or different levels of coverage for different classifications of employees or their dependents based on salaries, date of employment, etc. These same “uniformity” regulations make the negotiations of any cost containment measures virtually impossible when a public employer negotiates with multiple bargaining units. We are calling for changes in the State Health Benefit Commission so-called “uniformity regulation” (N.J.A.C. 17: 9-5.4) to permit negotiations at the bargaining table over variations in levels of coverage.