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District 36 (Bergen and Passaic)

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SYNOPSIS

Concerns disclosure and reimbursement procedures of board of education and municipal employee health care benefit contracts.

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on January 6, 2014, with amendments.



(Sponsorship Updated As Of: 1/14/2014)

1 AN ACT concerning board of education and municipal employee
2 health care benefit contracts and amending P.L.1979, c.391 and
3 N.J.S.40A:10-21.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. Section 6 of P.L.1979, c.391 (C.18A:16-17) is amended to
9 read as follows:

10 6. a. Any local board of education entering into a contract
11 pursuant to **[this act]** P.L.1979, c.391 (C.18A:16-12 et seq.) is
12 authorized to pay part or all of the premiums or charges for such
13 contracts and may appropriate out of its general funds any money
14 necessary to pay such premiums or charges or portions thereof.

15 The contribution required of any employee toward the cost of
16 such coverage may be deducted from the pay, salary or other
17 compensation of such employee upon authorization in writing made
18 to the local board of education.

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

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

25 b. Commencing on the effective date of P.L.2010, c.2 and upon
26 the expiration of any applicable binding collective negotiations
27 agreement in force on that effective date, employees of a local
28 board of education shall pay 1.5 percent of base salary, through the
29 withholding of the contribution from the pay, salary or other
30 compensation, for health care benefits coverage provided pursuant
31 to P.L.1979, c.391 (C.18A:16-12 et seq.), notwithstanding any other
32 amount that may be required additionally pursuant to subsection a.
33 of this section for such coverage. This subsection shall apply also
34 when the health care benefits coverage is provided through an
35 insurance fund or joint insurance fund or in any other manner.

36 c. A local board of education shall publicly disclose in writing
37 on its official Internet website, if one exists, or, if one does not
38 exist, the Department of Education shall publicly disclose in writing
39 on its official Internet website, within 30 days following the close
40 of each fiscal year:

41 (1) The total cost of premiums paid for that fiscal year for any
42 contract to provide health care benefits including prescription drug
43 benefits and other health care benefits provided pursuant to
44 P.L.1979, c.391 (C.18A:16-12 et seq.); and

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:

¹Senate SBA committee amendments adopted January 6, 2014.

1 (2) The total amount for that fiscal year of any reimbursement,
2 rebate, or other return of any part of the cost of premiums paid for
3 any contract to provide health care benefits including prescription
4 drug benefits and other health care benefits provided pursuant to
5 P.L.1979, c.391 (C.18A:16-12 et seq.).

6 d. A local board of education shall publicly disclose in writing
7 on its official Internet website if one exists, or, if one does not exist,
8 the Department of Education shall publicly disclose in writing on its
9 official Internet website:

10 (1) The total cost of premiums paid for any new or altered
11 contract to provide health care benefits including prescription drug
12 benefits and other health care benefits provided pursuant to
13 P.L.1979, c.391 (C.18A:16-12 et seq.) within 30 days of the local
14 board's execution of the new or altered contractual provisions; and

15 (2) The total amount of any reimbursement, rebate, or other
16 return of any part of the cost of premiums paid for any contract to
17 provide health care benefits including prescription drug benefits and
18 other health care benefits provided pursuant to P.L.1979, c.391
19 (C.18A:16-12 et seq.) within 30 days of the local board's receipt of
20 the reimbursement, rebate, or other return.

21 ¹**[In]** Except as otherwise provided under federal law or
22 regulation, including but not limited to 45 C.F.R. 158, in¹ the event
23 of a reimbursement, rebate, or other return of any part of the cost of
24 a premium to a local board of education, ¹[each employee shall
25 receive a credit that is proportional to the amount of their cost share
26 or premium share contribution. The credit shall be applied against
27 the employee's cost share or premium share contribution
28 requirement in the following year. In the event of an employee's
29 retirement or other termination of employment, the amount of any
30 credit due shall be paid to the employee, or to his or her heirs in the
31 case of termination by death, within 30 days of a local board of
32 education's disclosure of the receipt of a reimbursement, rebate, or
33 other return of any part of the cost of premiums paid, or within 30
34 days of employment termination, whichever is later] the returned
35 funds shall be used exclusively for the purpose of reducing health
36 care premiums during the year subsequent to the refund. The annual
37 audit conducted pursuant to N.J.S. 18A:23-1 et seq. shall contain a
38 certification that the returned funds were used exclusively for such
39 purpose. In the event that such audit reveals that the returned
40 funding has not been used exclusively for this purpose, then an
41 amount equal to the improperly-spent funding shall be shared
42 proportionately with each employee based on the amount of each
43 employee's contribution to health benefits during the year
44 associated with the funding return, either as a rebate, or as a credit
45 applied against each employee's contribution during the subsequent
46 year¹ .

1 ¹At the time of a disclosure required by this subsection, the
2 local board of education shall provide each employee, via regular or
3 electronic mail, or both, with the information disclosed. The
4 information disclosed shall also be open to public inspection in
5 accordance with P.L.1963, c.73 (C. 47:1A-1 et seq.).¹

6 (cf: P.L.2010, c.2, s.13)

7
8 2. N.J.S.40A:10-21 is amended to read as follows:

9 40A:10-21. a. Any employer entering into a contract pursuant
10 to this subarticle, sections 16 through 25 of P.L.1979, c.230
11 (C.40A:10-1 et seq.), is hereby authorized to pay part or all of the
12 premiums or charges for the contracts and may appropriate out of
13 its general funds any money necessary to pay premiums or charges
14 or portions thereof. The contribution required of any employee
15 toward the cost of coverage may be deducted from the pay, salary
16 or other compensation of the employee upon an authorization in
17 writing made to the appropriate disbursing officer.

18 The employer may reimburse an active employee for his
19 premium charges under Part B of the Federal Medicare Program
20 covering the employee alone.

21 Nothing herein shall be construed as compelling an employer to
22 pay any portion of the premiums or charges attributable to the
23 contracts.

24 b. Commencing on the effective date of P.L.2010, c.2 and upon
25 the expiration of any applicable binding collective negotiations
26 agreement in force on that effective date, employees of an employer
27 shall pay 1.5 percent of base salary, through the withholding of the
28 contribution from the pay, salary or other compensation, for health
29 care benefits coverage provided pursuant to N.J.S.40A:10-17,
30 notwithstanding any other amount that may be required additionally
31 pursuant to subsection a. of this section for such coverage. This
32 subsection shall apply also when the health care benefits coverage
33 is provided through an insurance fund or joint insurance fund or in
34 any other manner. This subsection shall apply to any agency,
35 board, commission, authority, or instrumentality of a local unit.

36 c. As used in subsections d. and e. of this section:

37 “municipality” means any city, borough, village, town, township,
38 or any other municipality or agency thereof, but not a county, fire
39 district, volunteer first aid squad, or other volunteer squad;

40 “employee” means any employee of a municipality.

41 d. A municipality shall publicly disclose in writing on its
42 official Internet website, if one exists, or, if one does not exist, the
43 Department of Community Affairs shall publicly disclose in writing
44 on its official Internet website, within 30 days following the close
45 of each fiscal year:

46 (1) The total cost of premiums paid for that fiscal year for any
47 contract to provide health care benefits including prescription drug

1 benefits and other health care benefits provided pursuant to sections
2 16 through 25 of P.L.1979, c.230 (C.40A:10-1 et seq.); and
3 (2) The total amount for that fiscal year of any reimbursement,
4 rebate, or other return of any part of the cost of premiums paid for
5 any contract to provide health care benefits including prescription
6 drug benefits and other health care benefits provided pursuant to
7 sections 16 through 25 of P.L.1979, c.230 (C.40A:10-1 et seq.).
8 e. A municipality shall publicly disclose in writing on its
9 official Internet website if one exists, or, if one does not exist, the
10 Department of Community Affairs shall publicly disclose in writing
11 on its official Internet website:
12 (1) The total cost of premiums paid for any new or altered
13 contract to provide health care benefits including prescription drug
14 benefits and other health care benefits provided pursuant to sections
15 16 through 25 of P.L.1979, c.230 (C.40A:10-1 et seq.) within 30
16 days of the municipality's execution of the new or altered
17 contractual provisions; and
18 (2) The total amount of any reimbursement, rebate, or other
19 return of any part of the cost of premiums paid for any contract to
20 provide health care benefits including prescription drug benefits and
21 other health care benefits provided pursuant to sections 16 through
22 25 of P.L.1979, c.230 (C.40A:10-1 et seq.) within 30 days of the
23 municipality's receipt of the reimbursement, rebate, or other return.
24 ¹[In] Except as otherwise provided under federal law or
25 regulation, including but not limited to 45 C.F.R. 158, in¹ the event
26 of a reimbursement, rebate, or other return of any part of the cost of
27 a premium to a municipality, ¹[each employee shall receive a credit
28 that is proportional to the amount of their cost share or premium
29 share contribution. The credit shall be applied against the
30 employee's cost share or premium share contribution requirement in
31 the following year. In the event of an employee's retirement or
32 other termination of employment, the amount of any credit due shall
33 be paid to the employee, or to his or her heirs in the case of
34 termination by death, within 30 days of a municipality's disclosure
35 of the receipt of a reimbursement, rebate, or other return of any part
36 of the cost of premiums paid, or within 30 days of employment
37 termination, whichever is later] the returned funds shall be
38 maintained in a special account, separate from any of the other
39 accounts of the municipality, to be used exclusively for the purpose
40 of reducing health care premiums during the year subsequent to the
41 refund. In the event that an audit, or other investigation, by a New
42 Jersey licensed certified public accountant or registered municipal
43 accountant, reveals that the returned funding has not been used
44 exclusively for this purpose, then an amount equal to the
45 improperly-spent funding shall be shared proportionately with each
46 employee based on the amount of each employee's contribution to
47 health benefits during the year associated with the funding return,

1 either as a rebate, or as a credit applied against each employee's
2 contribution during the subsequent year¹ .

3 At the time of a disclosure required by this subsection, the
4 municipality shall provide each employee, via regular or electronic
5 mail, or both, with the information disclosed. The information
6 disclosed shall also be open to public inspection in accordance with
7 P.L.1963, c.73 (C. 47:1A-1 et seq.).

8 (cf: P.L.2010, c.2, s.14)

9

10 3. The Commissioner of Education shall, in consultation with
11 Division of Pensions and Benefits in the Department of the
12 Treasury, and in accordance with the "Administrative Procedure
13 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), promulgate any rules
14 and regulations necessary to accomplish the purposes of section 1
15 of P.L. , c. (C.) (pending before the Legislature as this
16 bill). The Commissioner of Community Affairs shall, in
17 consultation with Division of Pensions and Benefits in the
18 Department of the Treasury, and in accordance with the
19 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
20 seq.), promulgate any rules and regulations necessary to accomplish
21 the purposes of section 2 of P.L. , c. (C.) (pending before
22 the Legislature as this bill).

23

24 4. This act shall take effect on the first day of the fourth month
25 next following enactment, except that section 3 shall take effect
26 immediately.