

SENATE, No. 1807

STATE OF NEW JERSEY 216th LEGISLATURE

INTRODUCED MARCH 24, 2014

Sponsored by:

Senator JENNIFER BECK

District 11 (Monmouth)

Senator ANTHONY R. BUCCO

District 25 (Morris and Somerset)

SYNOPSIS

Removes expiration of required payment by public employees of percentage of cost of health care coverage provided by public employers.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/3/2014)

1 **AN ACT** concerning the payment by public employees for health
2 care benefits coverage provided by public employers and
3 amending P.L.2011, c.78 and repealing sections 77, 78, and
4 79 of P.L.2011, c.78.

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

8
9 1. Section 40 of P.L.2011, c.78 (C.52:14-17.28d) is amended to
10 read as follows:

11 40. a. Notwithstanding the provisions of any other law to the
12 contrary, public employees of the State and employers other than
13 the State shall contribute, through the withholding of the
14 contribution from the pay, salary, or other compensation, toward the
15 cost of health care benefits coverage for the employee and any
16 dependent provided under the State Health Benefits Program or the
17 School Employees' Health Benefits Program in an amount that shall
18 be determined in accordance with section 39 of P.L.2011, c.78
19 (C.52:14-17.28c), except that, an employee employed on the date
20 on which the contribution commences, as specified in subsection c.
21 of this section, shall pay:

22 during the first year in which the contribution is effective, one-
23 fourth of the amount of contribution;

24 during the second year in which the contribution is effective,
25 one-half of the amount of contribution; and

26 during the third year in which the contribution is effective, three-
27 fourths of the amount of contribution,

28 as that amount is calculated in accordance with section 39 of
29 P.L.2011, c.78 (C.52:14-17.28c).

30 The amount payable by any employee under this subsection shall
31 not under any circumstance be less than the 1.5 percent of base
32 salary that is provided for in subsection c. of section 6 of P.L.1996,
33 c.8 (C.52:14-17.28b), subsection a. of section 7 of P.L.1964, c.125
34 (C.52:14-17.38), or subsection b. of section 39 of P.L.2007, c.103
35 (C.52:14-17.46.9). An employee who pays the contribution
36 required under this subsection shall not also be required to pay the
37 contribution of 1.5 percent of base salary under those subsections
38 listed above.

39 This section shall apply to employees for whom the employer
40 has assumed a health care benefits payment obligation, to require
41 that such employees pay at a minimum the amount of contribution
42 specified in this section for health care benefits coverage.

43 b. (1) Notwithstanding the provisions of any other law to the
44 contrary, public employees of the State and employers other than
45 the State, as those employees are specified in paragraph (2) of this

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

Matter underlined thus is new matter.

1 subsection, shall contribute, through the withholding of the
2 contribution from the monthly retirement allowance, toward the
3 cost of health care benefits coverage for the employee in retirement
4 and any dependent provided under the State Health Benefits
5 Program or the School Employees' Health Benefits Program in an
6 amount that shall be determined in accordance with section 39 of
7 P.L.2011, c.78 (C.52:14-17.28c) by using the percentage applicable
8 to the range within which the annual retirement allowance, and any
9 future cost of living adjustments thereto, falls. The retirement
10 allowance, and any future cost of living adjustments thereto, shall
11 be used to identify the percentage of the cost of coverage.

12 (2) The contribution specified in paragraph (1) of this
13 subsection shall apply to:

14 (a) State employees and employees of an independent State
15 authority, board, commission, corporation, agency, or organization
16 for whom there is a majority representative for collective
17 negotiations purposes who accrue 25 years of nonconcurrent service
18 credit in one or more State or locally-administered retirement
19 systems on or after the effective date of P.L.2011, c.78, or on or
20 after the expiration of an applicable binding collective negotiations
21 agreement in force on that effective date, and who retire on or after
22 that effective date or expiration date, excepting employees who
23 elect deferred retirement;

24 (b) State employees and employees of an independent State
25 authority, board, commission, corporation, agency, or organization
26 for whom there is no majority representative for collective
27 negotiations purposes who accrue 25 years of nonconcurrent service
28 credit in one or more State or locally-administered retirement
29 systems on or after that effective date, or on or after the expiration
30 of an applicable binding collective negotiations agreement in force
31 on that effective date if the terms of that agreement concerning
32 health care benefits coverage in retirement have been deemed
33 applicable by the commission or the employer to those employees,
34 and who retire on or after that effective date or expiration date,
35 excepting employees who elect deferred retirement;

36 (c) employees covered by section 3 of P.L.1987, c.384
37 (C.52:14-17.32f), section 2 of P.L.1992, c.126 (C.52:14-17.32f1),
38 or section 1 of P.L.1995, c.357 (C.52:14-17.32f2) who accrue 25
39 years of service credit on or after that effective date and retire on or
40 after that effective date, including employees who elect deferred
41 retirement;

42 (d) employees of an employer other than the State for whom
43 there is a majority representative for collective negotiations
44 purposes who accrue the number of years of service credit, and age
45 if required, as specified in subsection b. of section 7 of P.L.1964,
46 c.125 (C.52:14-17.38), on or after that effective date, or on or after
47 the expiration of an applicable binding collective negotiations
48 agreement in force on that effective date, and who retire on or after

1 that effective date or expiration date, excepting employees who
2 elect deferred retirement, when the employer has assumed payment
3 obligations for health care benefits in retirement for such an
4 employee; and

5 (e) employees of an employer other than the State for whom
6 there is no majority representative for collective negotiations
7 purposes who accrue the number of years of service credit, and age
8 if required, as specified in subsection b. of section 7 of P.L.1964,
9 c.125 (C.52:14-17.38), on or after that effective date, or on or after
10 the expiration of an applicable binding collective negotiations
11 agreement in force on that effective date if the terms of that
12 agreement concerning health care benefits payment obligations in
13 retirement have been deemed applicable by the employer to those
14 employees, and who retire on or after that effective date or
15 expiration date, excepting employees who elect deferred retirement,
16 when the employer has assumed payment obligations for health care
17 benefits in retirement for such an employee.

18 (3) Employees described in paragraph (2) of this subsection who
19 have 20 or more years of creditable service in one or more State or
20 locally-administered retirement systems on the effective date of
21 P.L.2011, c.78 shall not be subject to the provisions of this
22 subsection.

23 (4) The amount payable by a retiree under this subsection shall
24 not under any circumstance be less than the 1.5 percent of the
25 monthly retirement allowance, including any future cost of living
26 adjustments thereto, that is provided for such a retiree, if applicable
27 to that retiree, under subsection d. of section 6 of P.L.1996, c.8
28 (C.52:14-17.28b), subsection b. of section 7 of P.L.1964, c.125
29 (C.52:14-17.38), section 3 of P.L.1987, c.384 (C.52:14-17.32f),
30 section 2 of P.L.1992, c.126 (C.52:14-17.32f1), or section 1 of
31 P.L.1995, c.357 (C.52:14-17.32f2), or less than a comparable
32 contribution with regard to the retirees who are members of the
33 alternate benefit program. A retiree who pays the contribution
34 required under this subsection shall not also be required to pay the
35 contribution of 1.5 percent of the monthly retirement allowance
36 under those sections or subsections listed above.

37 c. The contribution required under subsection a. of this section
38 shall commence: (1) upon the effective date of P.L.2011, c.78 for
39 employees who do not have a majority representative for collective
40 negotiations purposes, notwithstanding that the terms of a collective
41 negotiations agreement binding on the employer have been applied
42 or have been deemed applicable to those employees by the
43 commission or the employer, or have been used to modify the
44 respective payment obligations of the employer and those
45 employees in a manner consistent with those terms, as permitted by
46 law, before that effective date; and (2) upon the expiration of any
47 applicable binding collective negotiations agreement in force on
48 that effective date for employees covered by that agreement with

1 the contribution required for the first year under subsection a. of
2 this section commencing in the first year after that expiration, or
3 upon the effective date of P.L.2011, c.78 if such an agreement has
4 expired before that effective date with the contribution required for
5 the first year under subsection a. of this section commencing in the
6 first year after that effective date.

7 Once those employees are subjected to the contribution
8 requirements set forth in subsection a. of this section, the public
9 employers and public employees shall be bound by this act,
10 P.L.2011, c.78, to apply the contribution levels set forth in section
11 39 of this act until all affected employees are contributing the full
12 amount of the contribution, as determined by the implementation
13 schedule set forth in subsection a. of this section. **【Notwithstanding**
14 **the expiration date set forth in section 83 of this act, P.L.2011, c.78,**
15 **or the expiration date of any successor agreements, the parties shall**
16 **be bound to apply the requirements of this paragraph until they have**
17 **reached the full implementation of the schedule set forth in**
18 **subsection a. of this section.】**

19 The provisions of law permitting the determination of an amount
20 of contribution at the discretion of the employer or by means of a
21 binding collective negotiations agreement, and by means of the
22 application of the terms of such an agreement to employees who do
23 not have a majority representative for collective negotiations
24 purposes, or the modification of the respective payment obligations
25 of the employer and those employees in a manner consistent with
26 the terms of such an agreement, shall remain in effect with regard to
27 contributions, whether as a share of the cost, or percentage of the
28 premium or periodic charge, or otherwise, in addition to the
29 contributions required under subsections a. and b. of this section.

30 Paragraphs (5) and (6) of subsection c. of section 6 of P.L.1996,
31 c.8 (C.52:14-17.28b) shall not be deemed to apply with regard to
32 contributions specified and made under this section. Paragraph (7)
33 of subsection c. of P.L.1996, c.8 (C.52:14-17.28b) shall apply with
34 regard to contributions specified and made under this section.

35 A qualified retiree under section 1 of P.L.1997, c.330 (C.52:14-
36 17.32i) who meets the eligibility requirements on or after the
37 effective date of P.L.2011, c.78 shall not pay less than the
38 contribution required under subsection b. of this section, including
39 as specified in paragraph (3) of subsection b. of this section. Part-
40 time State employees and part-time faculty members participating
41 under section 1 of P.L.2003, c.172 (C.52:14-17.33a) shall not pay
42 less than the contribution specified in subsection a. of this section.
43 Subsection b. of this section shall apply under subsection b. of
44 section 7 of P.L.1964, c.125 (C.52:14-17.38) to a surviving spouse
45 of a retired employee of an employer other than the State and the
46 employee's dependents in the same manner as to the retiree at the
47 time of death.

1 The minimum contribution based on the retirement allowance of
2 members of the alternate benefit program in retirement shall be
3 determined, as may be necessary, pursuant to the formula specified
4 in paragraph (4) of subsection c. of section 6 of P.L.1996, c.8
5 (C.52:14-17.28b).

6 All other provisions of law shall remain applicable to the extent
7 not inconsistent with this section.

8 d. Any extension, alteration, re-opening, amendment or other
9 adjustment to a collective negotiations agreement in force on the
10 effective date of P.L.2011, c.78, or to an agreement that is expired
11 on that effective date, shall be considered a new collective
12 negotiations agreement entered into after that effective date for the
13 purposes of this section.

14 (cf: P.L.2011, c.78, s.40)

15

16 2. Section 41 of P.L.2011, c.78 (C.18A:16-17.1) is amended to
17 read as follows:

18 41. a. Notwithstanding the provisions of any other law to the
19 contrary, public employees, as specified herein, of a local board of
20 education shall contribute, through the withholding of the
21 contribution from the pay, salary, or other compensation, toward the
22 cost of health care benefits coverage for the employee and any
23 dependent provided pursuant to P.L.1979, c.391 (C.18A:16-12 et
24 seq.), unless the provisions of subsection b. of this section apply, in
25 an amount that shall be determined in accordance with section 39 of
26 P.L.2011, c.78 (C.52:14-17.28c), except that, employees employed
27 on the date on which the contribution commences, as specified in
28 subsection c. of this section, shall pay:

29 during the first year in which the contribution is effective, one-
30 fourth of the amount of contribution;

31 during the second year in which the contribution is effective,
32 one-half of the amount of contribution; and

33 during the third year in which the contribution is effective, three-
34 fourths of the amount of contribution,

35 as that amount is calculated in accordance with section 39 of
36 P.L.2011, c.78 (C.52:14-17.28c).

37 The amount payable by any employee under this subsection shall
38 not under any circumstance be less than the 1.5 percent of base
39 salary that is provided for in subsection b. of section 6 of P.L.1979,
40 c.391 (C.18A:16-17). An employee who pays the contribution
41 required under this subsection shall not also be required to pay the
42 contribution of 1.5 percent of base salary under subsection b. of
43 section 6 of P.L.1979, c.391 (C.18A:16-17).

44 This section shall apply to employees for whom the employer
45 has assumed a health care benefits payment obligation pursuant to
46 section 6 of P.L.1979, c.391 (C.18A:16-17), to require that such
47 employees pay at a minimum the amount of contribution specified
48 in this section for health care benefits coverage.

1 b. A board of education may enter into a contract or contracts
2 to provide health care benefits including prescription drug benefits
3 and other health care benefits, as may be required to implement a
4 duly executed collective negotiations agreement, and may provide
5 through such agreement for an amount of employee contribution as
6 a cost share or premium share that is other than the percentage
7 required under subsection a. of this section, if the total aggregate
8 savings during the term of the agreement from employee
9 contributions or plan design, or both, from that agreement as
10 applied to employees covered by that agreement, and to employees
11 not covered by that agreement but to whom the agreement has been
12 applied by the employer, if any, equals or exceeds the annual
13 savings that would have resulted had those employees made the
14 contributions required under subsection a. of this section plus the
15 annual savings resulting to the plans within the School Employees'
16 Health Benefits Program as a result of plan design changes made
17 pursuant to P.L.2011, c.78.

18 A board of education shall certify the savings in writing to the
19 Department of Education and the Division of Pensions and Benefits
20 in the Department of the Treasury. The Department of Education
21 shall review and approve or reject the certification within 30 days
22 of receipt. The certification is deemed approved if not rejected
23 within that time. The agreement shall not be executed until that
24 approval is received or the 30-day period has lapsed, whichever
25 occurs first.

26 c. The contribution under subsection a. of this section shall
27 commence: (1) upon the effective date of P.L.2011, c.78 for
28 employees who do not have a majority representative for collective
29 negotiations purposes, notwithstanding that the terms of a collective
30 negotiations agreement binding on the employer have been applied
31 or have been deemed applicable to those employees by the
32 employer, or have been used to modify the respective payment
33 obligations of the employer and those employees in a manner
34 consistent with those terms, before that effective date; and (2) upon
35 the expiration of any applicable binding collective negotiations
36 agreement in force on that effective date for employees covered by
37 that agreement with the contribution required for the first year
38 under subsection a. of this section commencing in the first year
39 after that expiration, or upon the effective date of P.L.2011, c.78 if
40 such an agreement has expired before that effective date with the
41 contribution required for the first year under subsection a. of this
42 section commencing in the first year after that effective date.

43 Once those employees are subjected to the contribution
44 requirements set forth in subsection a. of this section, the public
45 employers and public employees shall be bound by this act,
46 P.L.2011, c.78, to apply the contribution levels set forth in section
47 39 of this act until all affected employees are contributing the full
48 amount of the contribution, as determined by the implementation

1 schedule set forth in subsection a. of this section. **【Notwithstanding**
2 the expiration date set forth in section 83 of this act, P.L.2011, c.78,
3 or the expiration date of any successor agreements, the parties shall
4 be bound to apply the requirements of this paragraph until they have
5 reached the full implementation of the schedule set forth in
6 subsection a. of this section. **】**

7 As may be permitted by law or otherwise, the authority to
8 determine an amount of contribution at the discretion of the
9 employer or by means of a binding collective negotiations
10 agreement, and by means of the application of the terms of such an
11 agreement to employees who do not have a majority representative
12 for collective negotiations purposes, or the modification of the
13 respective payment obligations of the employer and those
14 employees in a manner consistent with the terms of such
15 agreements, shall remain in effect with regard to contributions,
16 whether as a share of the cost, or percentage of the premium or
17 periodic charge, or otherwise, in addition to the contributions
18 required under subsection a. of this section.

19 This section shall apply when the health care benefits are
20 provided through self insurance, the purchase of commercial
21 insurance or reinsurance, an insurance fund or joint insurance fund,
22 or in any other manner, or any combination thereof.

23 All other provisions of law shall remain applicable to the extent
24 not inconsistent with this section.

25 d. Any extension, alteration, re-opening, amendment or other
26 adjustment to a collective negotiations agreement in force on the
27 effective date of P.L.2011, c.78, or to an agreement that is expired
28 on that effective date, shall be considered a new collective
29 negotiations agreement entered into after that effective date for the
30 purposes of this section.

31 (cf: P.L.2011, c.78, s.41)

32

33 3. Section 42 of P.L.2011, c.78 (C.40A:10-21.1) is amended to
34 read as follows:

35 42. a. Notwithstanding the provisions of any other law to the
36 contrary, public employees, as specified herein, of a local unit or
37 agency thereof, herein referred to as an employer, shall contribute,
38 through the withholding of the contribution from the pay, salary, or
39 other compensation, toward the cost of health care benefits
40 coverage for the employee and any dependent provided pursuant to
41 N.J.S.40A:10-16 et seq., unless the provisions of subsection c. of
42 this section apply, in an amount that shall be determined in
43 accordance with section 39 of P.L.2011, c.78 (C.52:14-17.28c),
44 except that, employees employed on the date on which the
45 contribution commences, as specified in subsection d. of this
46 section, shall pay:

47 during the first year in which the contribution is effective, one-
48 fourth of the amount of contribution;

1 during the second year in which the contribution is effective,
2 one-half of the amount of contribution; and

3 during the third year in which the contribution is effective, three-
4 fourths of the amount of contribution,

5 as that amount is calculated in accordance with section 39 of
6 P.L.2011, c.78 (C.52:14-17.28c).

7 The amount payable by any employee under this subsection shall
8 not under any circumstance be less than the 1.5 percent of base
9 salary that is provided for in subsection b. of N.J.S.40A:10-21 or
10 section 16 of P.L.2010, c.2 (C.18A:64A-13.1a). An employee who
11 pays the contribution required under this subsection shall not also
12 be required to pay the contribution of 1.5 percent of base salary
13 under subsection b. of N.J.S.40A:10-21 or section 16 of P.L.2010,
14 c.2 (C.18A:64A-13.1a).

15 This subsection shall apply to employees for whom the employer
16 has assumed a health care benefits payment obligation pursuant to
17 N.J.S.40A:10-21, to require that such employees pay at a minimum
18 the amount of contribution specified in this section for health care
19 benefits coverage, with an employer including a county college.

20 b. (1) Notwithstanding the provisions of any other law to the
21 contrary, public employees of an employer, as those employees are
22 specified in paragraph (2) of this subsection, shall contribute,
23 through the withholding of the contribution from the monthly
24 retirement allowance, toward the cost of health care benefits
25 coverage for the employee in retirement and any dependent
26 provided pursuant to N.J.S.40A:10-16 et seq., unless the provisions
27 of subsection c. of this section apply, in an amount that shall be
28 determined in accordance with section 39 of P.L.2011, c.78
29 (C.52:14-17.28c) using the percentage applicable to the range
30 within which the annual retirement allowance, and any future cost
31 of living adjustments thereto, falls. The retirement allowance, and
32 any future cost of living adjustments thereto, shall be used to
33 identify the percentage of the cost of coverage.

34 (2) The contribution specified in paragraph (1) of this
35 subsection shall apply to:

36 (a) employees of employers for whom there is a majority
37 representative for collective negotiations purposes who accrue the
38 number of years of service credit, and age if required, as specified
39 in N.J.S.40A:10-23, or on or after the expiration of an applicable
40 binding collective negotiations agreement in force on that effective
41 date, and who retire on or after that effective date or expiration
42 date, excepting employees who elect deferred retirement, when the
43 employer has assumed payment obligations for health care benefits
44 in retirement for such an employee; and

45 (b) employees of employers for whom there is no majority
46 representative for collective negotiations purposes who accrue the
47 number of years of service credit, and age if required, as specified
48 in N.J.S.40A:10-23, on or after that effective date or on or after the

1 expiration of a binding collective negotiations agreement in force
2 on that effective date if the terms of that agreement concerning
3 health care benefits payment obligations in retirement have been
4 deemed applicable by the employer to those employees, and who
5 retire on or after that effective date or expiration date, excepting
6 employees who elect deferred retirement, when the employer has
7 assumed payment obligations for health care benefits in retirement
8 for such an employee.

9 (3) Employees described in paragraph (2) of this subsection who
10 have 20 or more years of creditable service in one or more State or
11 locally-administered retirement systems on the effective date of
12 P.L.2011, c.78 shall not be subject to the provisions of this
13 subsection.

14 The amount payable by a retiree under this subsection shall not
15 under any circumstance be less than the 1.5 percent of the monthly
16 retirement allowance, including any future cost of living
17 adjustments thereto, that is provided for such a retiree, if applicable
18 to that retiree, under subsection b. of N.J.S.40A:10-23. A retiree
19 who pays the contribution required under this subsection shall not
20 also be required to pay the contribution of 1.5 percent of the
21 monthly retirement allowance under subsection b. of N.J.S.40A:10-
22 23.

23 c. A local unit may enter into a contract or contracts to provide
24 health care benefits, including prescription drug benefits and other
25 health care benefits, as may be required to implement a duly
26 executed collective negotiations agreement, and may provide
27 through such agreement for an amount of employee or retiree
28 contribution as a cost share or premium share that is other than the
29 percentage required under subsection a. or b., or both, of this
30 section, if the total aggregate savings during the term of that
31 agreement from such contributions or plan design, or both, from
32 that agreement as applied to employees and retirees covered by that
33 agreement, and to employees and retirees not covered by that
34 agreement but to whom the agreement has been applied by the
35 employer, if any, equals or exceeds the annual savings that would
36 have resulted had those employees or retirees made the
37 contributions required under subsection a. or b., or both, of this
38 section plus the annual savings resulting to the plans within the
39 State Health Benefits Program as a result of plan design changes
40 made pursuant to P.L.2011, c.78.

41 A local unit shall certify the savings in writing to the Division of
42 Local Government Services in the Department of Community
43 Affairs and the Division of Pensions and Benefits in the Department
44 of the Treasury. The Department of Community Affairs shall
45 review and approve or reject the certification within 30 days of
46 receipt. The certification shall be deemed approved if not rejected
47 within that time. The agreement shall not be executed until that

1 approval is received or the 30-day period has lapsed, whichever
2 occurs first.

3 d. The contribution under subsection a. of this section shall
4 commence: (1) upon the effective date of P.L.2011, c.78 for
5 employees who do not have a majority representative for collective
6 negotiations purposes, notwithstanding that the terms of an
7 applicable collective negotiations agreement binding on the
8 employer have been applied or have been deemed applicable to
9 those employees by the employer, or have been used to modify the
10 respective payment obligations of the employer and those
11 employees in a manner consistent with those terms, before that
12 effective date; and (2) upon the expiration of any applicable binding
13 collective negotiations agreement in force on that effective date for
14 employees covered by that agreement with the contribution required
15 for the first year under subsection a. of this section commencing in
16 the first year after that expiration, or upon the effective date of
17 P.L.2011, c.78 if such an agreement has expired before that
18 effective date with the contribution required for the first year under
19 subsection a. of this section commencing in the first year after that
20 effective date.

21 Once those employees are subjected to the contribution
22 requirements set forth in subsection a. of this section, the public
23 employers and public employees shall be bound by this act,
24 P.L.2011, c.78, to apply the contribution levels set forth in section
25 39 of this act until all affected employees are contributing the full
26 amount of the contribution, as determined by the implementation
27 schedule set forth in subsection a. of this section. **【Notwithstanding**
28 **the expiration date set forth in section 83 of this act, P.L.2011, c.78,**
29 **or the expiration date of any successor agreements, the parties shall**
30 **be bound to apply the requirements of this paragraph until they have**
31 **reached the full implementation of the schedule set forth in**
32 **subsection a. of this section.】**

33 As may be permitted by law or otherwise, the authority to
34 determine an amount of contribution at the discretion of the
35 employer or by means of a binding collective negotiations
36 agreement, and by means of the application of the terms of such an
37 agreement to employees who do not have a majority representative
38 for collective negotiations purposes, or the modification of the
39 respective payment obligations of the employer and those
40 employees in a manner consistent with the terms of such an
41 agreement, shall remain in effect with regard to contributions,
42 whether as a share of the cost, or percentage of the premium or
43 periodic charge, or otherwise, in addition to the contributions
44 required under subsections a. and b. of this section.

45 This section shall apply when the health care benefits are
46 provided through self insurance, the purchase of commercial
47 insurance or reinsurance, an insurance fund or joint insurance fund,
48 or in any other manner, or any combination thereof.

1 This section shall apply to counties and municipalities, and any
2 agency, board, commission, authority, or instrumentality of a local
3 unit, fire districts, or other entities created by a county or
4 municipality, and to county colleges.

5 Amounts deducted from a retiree's benefit pursuant to subsection
6 b. of this section shall be paid to the retiree's former employer, as
7 appropriate.

8 All other provisions of law shall remain applicable to the extent
9 not inconsistent with this section.

10 e. Any extension, alteration, re-opening, amendment or other
11 adjustment to a collective negotiations agreement in force on the
12 effective date of P.L.2011, c.78, or to an agreement that is expired
13 on that effective date, shall be considered a new collective
14 negotiations agreement entered into after that effective date for the
15 purposes of this section.

16 (cf: P.L.2011, c.78, s.42)

17

18 4. Section 43 of P.L.2011, c.78 (C.52:14-17.34a) is amended to
19 read as follows:

20 43. As used in this section, "independent State authority" means
21 a public authority, board, commission, corporation, or other agency
22 or instrumentality of the State allocated, in but not of, a principal
23 department of State government pursuant to Article V, Section IV,
24 paragraph 1 of the New Jersey Constitution, or which is not subject
25 to supervision or control by the department in which it is allocated,
26 and a regional authority, but shall not include a college or
27 university.

28 Notwithstanding the provisions of any other law to the contrary,
29 public employees of an independent State authority who are not
30 subject to the provisions of section 40 of P.L.2011, c.78 (C.52:14-
31 17.28d) shall contribute, through the withholding of the
32 contribution from the pay, salary, or other compensation or from the
33 monthly retirement allowance, toward the cost of health care
34 benefits coverage for the employee and any dependent provided by
35 the authority during active service and in retirement in an amount
36 that shall be determined as closely as possible in accordance with
37 sections 39 and 40 of P.L.2011, c.78 (C.52:14-17.28c and C.52:14-
38 17.28d).

39 Once those employees are subjected to the contribution
40 requirements set forth in this section, the public employers and
41 public employees shall be bound by this act, P.L.2011, c.78, to
42 apply the contribution levels set forth in section 39 of this act until
43 all affected employees are contributing the full amount of the
44 contribution, as determined by the implementation schedule set
45 forth in subsection a. of section 40 of this act. **【**Notwithstanding
46 the expiration date set forth in section 83 of this act, P.L.2011, c.78,
47 or the expiration date of any successor agreements, the parties shall
48 be bound to apply the requirements of this paragraph until they have

1 reached the full implementation of the schedule set forth in
2 subsection a. of section 40 of this act.】

3 (cf: P.L.2011, c.78, s.43)

4

5 5. Section 44 of P.L.2011, c.78 (C.40A:5A-11.1) is amended to
6 read as follows:

7 44. As used in this section, "local authority" means an
8 "authority" as defined under the "Local Authorities Fiscal Control
9 Law," P.L.1983, c.313 (C.40A:5A-1 et seq.).

10

11 Notwithstanding the provisions of any other law to the contrary,
12 public employees of a local authority who are not subject to the
13 provisions of sections 40 and 42 of P.L.2011, c.78 (C.52:14-17.28d
14 and C.40A:10-21.1) shall contribute, through the withholding of the
15 contribution from the pay, salary, or other compensation or from the
16 monthly retirement allowance, toward the cost of health care
17 benefits coverage for the employee and any dependent provided by
18 the local authority during active service and in retirement in an
19 amount that shall be determined as closely as possible in
20 accordance with sections 39 and 42 of P.L.2011, c.78 (C.52:14-
21 17.28c and C.40A:10-21.1).

22 Once those employees are subjected to the contribution
23 requirements set forth in this section, the public employers and
24 public employees shall be bound by this act, P.L.2011, c.78, to
25 apply the contribution levels set forth in section 39 of this act until
26 all affected employees are contributing the full amount of the
27 contribution, as determined by the implementation schedule set
28 forth in subsection a. of section 42 of this act. 【Notwithstanding
29 the expiration date set forth in section 83 of this act, P.L.2011, c.78,
30 or the expiration date of any successor agreements, the parties shall
31 be bound to apply the requirements of this paragraph until they have
32 reached the full implementation of the schedule set forth in
33 subsection a. of section 40 of this act.】

34 (cf: P.L.2011, c.78, s.44)

35

36 6. Section 83 of P.L.2011, c.78 (Effective Date) is amended to
37 read as follows:

38 83. This act shall take effect immediately 【, and sections 39
39 through 44, inclusive, shall expire four years after the effective
40 date】.

41

42 7. The following sections are repealed:
43 Section 77 of P.L.2011, c.78 (C.52:14-17.28e);
44 Section 78 of P.L.2011, c.78 (C.18A:16-17.2); and
45 Section 79 of P.L.2011, c.78 (C.40A:10-21.2).

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47 8. This act shall take effect immediately.

STATEMENT

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P.L.2011, c.78 requires public employees to pay a percentage of the cost of the health care benefits coverage provided to them by their public employer. This requirement is set to expire four years after June 28, 2011 or later than that for certain public employers and public employees who were allowed under certain circumstances to begin implementation after the law's effective date.

This bill removes the provisions of law that provide for the expiration. Therefore, the payment as set forth in the statutes will become a permanent requirement.

The percentages to be paid are identified in the law, beginning at 3 percent and increasing to 35 percent for salary ranges set at intervals of \$5,000. The percentages vary based upon type of coverage: family, individual, or member with child or spouse coverage. A four-year payment schedule commenced on the law's effective date for certain public employees and upon the expiration of a collective negotiation agreement for others.

P.L.2011, c.78 also requires certain public employees in retirement to pay a percentage of the cost of health care benefits coverage. This requirement applies to certain who accrue 25 years of service after the law's effective date, or after the expiration of an applicable collective bargaining agreement in effect on that date, and retire after that date. These retirees are required to use the annual pension amount, instead of salary, to identify the applicable percentage. This requirement does not apply to public employees who had 20 or more year of service on June 28, 2011 in one or more State or locally-administered retirement systems.

If the payment provisions of this law do expire, those percentages become part of the collective negotiations between public employers and active public employees and will then be subject to collective negotiations in a manner similar to other negotiable items between the parties. A public employee whose amount of contribution was determined in accordance with the expired provisions must pay that amount in retirement regardless of the expiration.