

ASSEMBLY, No. 5814

STATE OF NEW JERSEY

218th LEGISLATURE

INTRODUCED NOVEMBER 7, 2019

Sponsored by:

Assemblyman CRAIG J. COUGHLIN

District 19 (Middlesex)

Assemblywoman NANCY J. PINKIN

District 18 (Middlesex)

Assemblyman RONALD S. DANCER

District 12 (Burlington, Middlesex, Monmouth and Ocean)

Assemblywoman VERLINA REYNOLDS-JACKSON

District 15 (Hunterdon and Mercer)

Assemblywoman MILA M. JASEY

District 27 (Essex and Morris)

Assemblywoman BETTYLOU DECROCE

District 26 (Essex, Morris and Passaic)

Co-Sponsored by:

Assemblymen Land, Milam, Assemblywoman Timberlake, Assemblymen Johnson, Benson, Danielsen, Zwicker, Bramnick, Assemblywoman N.Munoz, Assemblymen McGuckin, S.Kean, Clifton, Assemblywoman Carter, Assemblymen Kennedy, Holley, Peters, Verrelli, Schaer, Assemblywoman McKnight, Assemblymen Wimberly, Karabinchak, Tully, Assemblywoman Swain, Assemblyman Mejia, Assemblywoman Sumter, Assemblymen McKeon, DeAngelo, Assemblywomen Quijano, Jimenez, Assemblymen Giblin, Mukherji, Assemblywomen Chaparro, Lopez, Assemblymen Calabrese, Caputo, DePhillips, Houghtaling, Assemblywoman Downey, Assemblyman Freiman, Assemblywoman Vainieri Huttie and Assemblyman Rooney

SYNOPSIS

Requires certain health care plans to be offered by SEHBP and local boards of education; requires SEHBP commission to establish employee contribution rates for certain plans; requires local boards of education provide certain information on health care benefits.

CURRENT VERSION OF TEXT

As introduced.

1 AN ACT concerning health care benefits provided to public
2 employees by the School Employees' Health Benefits Program
3 and local boards of education and supplementing P.L.2007, c.103
4 (C.52:14-17.46.1 et seq.) and P.L.1979, c.391 (C.18A:16-
5 12 et seq.).
6

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

10 1. The School Employees' Health Benefits Commission shall
11 develop and approve the contribution rate chart that shall be used to
12 determine the amount of contribution to be paid annually, through
13 the withholding from base salary or the retirement allowance, by
14 employees and retirees who select health care benefits coverage
15 under Plan A, B, or C offered by the School Employees' Health
16 Benefits Program in accordance with section 2 of
17 P.L. , c. (C.)(pending before the Legislature as this bill). The
18 contribution shall be paid by employees for whom the employer has
19 assumed a health care benefits payment obligation to require that
20 such employees pay the amount of contribution specified in
21 accordance with this section toward the cost of such health care
22 benefits coverage. The contribution shall be paid by retirees for
23 whom the State has assumed a health care benefits payment
24 obligation, and who are required by law to contribute to the cost of
25 health care benefits coverage in retirement, to require that such
26 retirees pay the amount of contribution specified in accordance with
27 this section toward the cost of such health care benefits coverage.

28 As established by the commission, the contribution rates shall
29 range from two percent to eight percent on a sliding scale. The
30 increments for the percentages and for the annual compensation
31 amounts shall be set by the commission.

32 The contribution percentage for each range for Plan A shall be
33 higher than the contribution percentage for each range for Plan B
34 and Plan C. The contribution percentage for each range for Plan C
35 shall be lower than the contribution percentage for each range for
36 Plan A and Plan B. The contribution percentage for each range for
37 Plan B shall be between the contribution percentage for each range
38 for Plan A and Plan C. The amounts for the ranges shall be
39 identical for each plan.

40 For an employee, the base salary shall be used to identify the
41 contribution percentage. For a retiree, the retirement allowance
42 shall be used to identify the contribution percentage. The same
43 contribution chart shall apply to both employees and retirees.

44 The contribution percentages for coverage of an employee, or
45 retiree, and child or children shall at all times be less than
46 contribution percentages for coverage of an employee, or retiree,
47 and spouse.

1 Notwithstanding the provision of any law to the contrary that
2 may specify a contribution amount or calculation of contribution,
3 no other contribution by an employee or retiree toward the cost of
4 health care coverage in any amount or manner shall be required for
5 Plan A, B, or C except the contribution set forth in this section or
6 subsection g. of section 2 of P.L. , c. (C.)(pending before the
7 Legislature as this bill), as appropriate.

8 No contribution shall be required for an employee or retiree who
9 selects coverage under Plan C if that plan is a high deductible plan
10 with an annual deductible of at least \$1,500.

11
12 2. a. Notwithstanding the provision of any other law or
13 regulation to the contrary, the School Employees' Health Benefits
14 Commission shall provide only three plans that employees may
15 select during the period from January 1, 2020 through December
16 31, 2024 for health care benefits coverage.

17 b. No other plans shall be provided by the program during this
18 period of time for selection and enrollment by employees regardless
19 of whether there are collective negotiations agreements in effect on
20 the effective date of this act, P.L. , c. (pending before the
21 Legislature as this bill), that provide for selection and enrollment in
22 other plans of the program. Collective negotiations agreements in
23 effect on the effective date of this act may be altered, reopened, or
24 amended to provide for selection and enrollment by the employees
25 in the three new plans. Collective negotiations agreements entered
26 into after that effective date shall provide for selection and
27 enrollment by employees in only one of those three plans offered by
28 the program. Collective negotiations agreements that are entered
29 into after December 31, 2024 shall continue to permit employees to
30 select and enroll, or remain enrolled, in one of the three plans only
31 until the provisions of the School Employees' Health Benefits
32 Program are amended by law to provide for other plans or the plan
33 design committee provides for other plans.

34 c. The three plans shall be:

35 Plan A that shall have an initial plan year 2020 premium that is
36 at a minimum 15 percent lower than the 2019 SEHBP Direct 10
37 plan premium;

38 Plan B that shall have an initial plan year 2020 premium that is
39 at a minimum 25 percent lower than the 2019 SEHBP Direct 10
40 plan premium; and

41 Plan C that shall have an initial plan year 2020 premium that is
42 at a minimum 31 percent lower than the 2019 SEHBP Direct 10
43 plan premium.

44 Plan C may be a high deductible plan. If Plan C is a high
45 deductible plan, it shall have an annual deductible of at least
46 \$1,500.

47 Selection of health care benefits coverage under one of the three
48 plans shall be in the sole discretion of the employee.

1 If an employee fails to select a plan for health care benefits
2 coverage, the program shall enroll the employee and the employee's
3 dependent in Plan B for the plan year.

4 d. The actual premium costs for Plans A, B, and C, for both
5 medical and prescription coverage, shall be tracked each plan year
6 by the commission following the plans' initial offering in plan year
7 2020. The premium cost increases shall be monitored and compared
8 to the national, regional, and State trends of healthcare costs.

9 If the projected blended premium of the coverage types for each
10 plan in a plan year exceeds the baseline premium for plan year
11 2020, the plan design committee or the commission, as may be
12 authorized, shall make plan design changes to lower the premium or
13 reduce the rate of premium increases, or both. Action to lower the
14 premium or reduce the rate of premium increases shall commence
15 upon receipt of the program actuary's rate renewal recommendation
16 for premiums for the next plan year.

17 e. For plan year 2020, the commission shall make such
18 modifications to the plans offered by the program as shall result in
19 net savings for the plan year for the State of \$100 million, and for
20 employers other than the State in the aggregate of \$200 million.
21 The commission shall make such modifications to plan design
22 without the approval of the plan design committee if necessary. If
23 these net savings are not achieved in plan year 2020, the
24 commission shall make further modifications, without the approval
25 of the plan design committee if necessary, to achieve the remainder
26 of the savings in plan year 2021.

27 To achieve the remainder of the net savings in plan year 2021,
28 the commission shall make plan design changes or shall adjust
29 contribution rates, or both, while still remaining within the two
30 percent and eight percent range provided for in section 1 of
31 P.L. , c. (C.)(pending before the Legislature as this bill).
32 The adjustment in the contributions rates shall be in addition to the
33 application of the increase or decrease in the contribution rates
34 provided for in subsection f. of this section, if applicable, for plan
35 year 2021.

36 Net savings from plan design modifications adopted by the plan
37 design committee after July 1, 2019 for plan year 2020 shall be
38 included in the calculations by the commission for the net savings
39 required for plan year 2020.

40 Net savings shall be certified by the State Treasurer and verified
41 by the actuary for the program.

42 f. Commencing in plan year 2020, the preliminary baseline
43 premium rates for Plan A, B, or C shall be the blended premium of
44 the coverage types for each plan. If the blended premium projected
45 by the actuary of the coverage types for each plan for plan year
46 2021 exceeds the preliminary baseline premium for each plan for
47 plan year 2020 by three percent or more, an increase in the
48 employee and retiree contribution rates shall be calculated and

1 applied. The percentage of base salary or retirement allowance
2 contribution required to be contributed by an employee and retiree
3 shall be multiplied by the percentage of the premium increase that
4 exceeds three percent to determine the new percentage to be
5 contributed. For this purpose, the eight percent top rate of
6 contribution shall be increased above eight percent.

7 The increase in the blended premium from plan year 2021 to plan
8 year 2022, from plan year 2022 to plan year 2023, and from plan
9 year 2023 to plan year 2024 shall be calculated and applied in the
10 manner specified above to increase the employee and retiree
11 contribution rate, if applicable, except that the prior plan year's
12 percentage for contribution, including any adjustments to the rates
13 made by the commission pursuant to subsection e. of this section,
14 shall be used to determine the increase in the contribution rate.

15 If the blended premium of the coverage types for any of the
16 specified plans decreased from one plan year to another for plan
17 years 2021, 2022, 2023, and 2024 by three percent or more, the
18 percentage of base salary or retirement allowance contribution
19 required to be contributed by an employee and retiree shall be
20 reduced by the percentage of the decrease that exceeds three percent
21 to determine the new percentage to be contributed, with the prior
22 plan year's percentage for contribution, including any adjustments
23 to the rates made by the commission pursuant to subsection e. of
24 this section, to be used to determine the decrease in the contribution
25 rate.

26 The calculations in this subsection shall be made and applied for
27 plan years 2021, 2022, 2023, and 2024 only.

28 g. Commencing January 1, 2020, retirees receiving health care
29 benefits coverage in the program who are not enrolled in Medicare
30 shall be eligible to select coverage under only Plans A, B, or C.

31 Commencing January 1, 2020, retirees receiving health care
32 benefits coverage in the program who are enrolled in Medicare shall
33 be eligible to select coverage under only the Medicare Advantage
34 Plan or the NJ Direct 15/25 plan. Retirees receiving health care
35 benefits coverage in the program who are enrolled in Medicare shall
36 not be eligible to select coverage under Plans A, B, or C.

37 Retirees receiving health care benefits coverage in the program
38 in accordance with this subsection who are or are not enrolled in
39 Medicare and required by law to contribute to the cost of the health
40 care coverage in retirement shall be required to contribute the lesser
41 of the amount specified pursuant to P.L.2011, c.78 or the amount
42 specified in section 1 of P.L. , c. (C.)(pending before the
43 Legislature as this bill), as adjusted or increased or decreased by the
44 commission, using the amount of the annual retirement allowance to
45 identify the percentage rate of contribution and to calculate the
46 contribution amount.

47 Selection of a plan provided by this subsection for health care
48 benefits coverage shall be in the sole discretion of the retiree.

1 If a retiree who is not enrolled in Medicare fails to select a plan
2 for health care benefits coverage, the program shall enroll the
3 retiree and the retiree's dependent in Plan B for the plan year. If a
4 retiree who is enrolled in Medicare fails to select a plan for health
5 care benefits coverage, the program shall enroll the retiree and the
6 retiree's dependent in the Medicare Advantage Plan for the plan
7 year.

8 h. The commission shall, in coordination with the Division of
9 Pensions and Benefits, prepare an employee and retiree guidance
10 tool to provide employees and retirees with confidential
11 consultation online with regard to the employee's or retiree's
12 decision to select a plan during the period of open enrollment or at
13 other times. The guidance tool shall use actual claims data of that
14 employee or retiree. The guidance tool shall be available for the
15 open enrollment period for plan selection for the 2020 plan year.

16 i. All other provisions of law shall remain applicable to the
17 extent not inconsistent with this section.

18

19 3. a. Notwithstanding the provisions of any other law or
20 regulation to the contrary, a board of education providing health
21 care benefits coverage for employees in accordance with P.L.1979,
22 c.391 (C.18A:16-12) shall provide the equivalent of Plans A, B, and
23 C of the School Employees' Health Benefits Program as described
24 in section 2 of P.L. , c. (C.)(pending before the Legislature
25 as this bill) for its employees and their dependents for the period
26 from January 1, 2020 through December 31, 2024. Plan C may be a
27 high deductible plan. If Plan C is a high deductible plan, it shall
28 have an annual deductible of at least \$1,500.

29 b. Other health care benefits plans may be provided by the
30 board of education as may be required to permit employees to select
31 and enroll, or remain enrolled, in a plan that is provided for in
32 collective negotiations agreements in effect on the effective date of
33 this act, P.L. , c. (pending before the Legislature as this bill),
34 until the expiration of those agreements if the agreements provide
35 for selection and enrollment in such other plans. Collective
36 negotiations agreements in effect on the effective date of this act
37 may be altered, reopened, or amended to provide for selection and
38 enrollment by the employees in the three new plans. Collective
39 negotiations agreements entered into after that effective date shall
40 provide for selection and enrollment by employees in the three
41 plans, in addition to any other plans that may be provided for in the
42 collective negotiations agreement. Collective negotiations
43 agreements that are entered into after December 31, 2024 shall
44 continue to permit employees to select and enroll, or remain
45 enrolled, in one of the three plans, in addition to any other plans
46 provided for in the collective negotiation agreement.

47 c. Selection of health care benefits coverage under one of the
48 three plans by an employee for the employee and the employee's

1 dependents shall be in the sole discretion of the employee. An
2 employee may select any other plan provided by the board of
3 education as may be provided for by an applicable binding
4 collective negotiations agreement that covers the employee.

5 If an employee fails to select a plan for health care benefits
6 coverage of the employee and the employee's dependent, the board
7 of education shall enroll the employee and the employee's
8 dependent in Plan B for the plan year.

9 d. An employee who selects Plan A, B, or C shall be required
10 to contribute only a percentage of base salary for the cost of the
11 health care benefits coverage, notwithstanding any other provision
12 of law to the contrary that may specify a contribution amount or
13 calculation of contribution. The contribution rate shall be the rate
14 established by the School Employees' Health Benefits Commission
15 pursuant to section 1 of P.L. , c. (C.)(pending before the
16 Legislature as this bill).

17 No contribution shall be required for an employee who selects
18 coverage under Plan C if that plan is a high deductible plan with an
19 annual deductible of at least \$1,500.

20 e. The actual premium cost for Plans A, B, and C, for both
21 medical and prescription coverage, shall be tracked each plan year
22 by the board of education following the plans' initial offering in
23 plan year 2020. The premium cost increases shall be monitored and
24 compared to the national, regional, and State trends of healthcare
25 costs.

26 If the projected blended premium of the coverage types for Plan
27 A, B, or C in a plan year exceeds the baseline premium for plan
28 year 2020, the board of education shall make plan design changes to
29 lower the premium or reduce the rate of premium increases, or both.
30 Action to lower the premium or reduce the rate of premium
31 increases shall commence upon receipt of an actuary's rate renewal
32 recommendation for premiums for the next plan year.

33 f. Commencing in plan year 2020, the preliminary baseline
34 premium rates for Plans A, B, or C shall be the blended premium of
35 the coverage types for each plan. If the blended premium projected
36 by the actuary of the coverage types for each plan for plan year
37 2021 exceeds the preliminary baseline premium for each plan for
38 plan year 2020 by three percent or more, an increase in the
39 employee contribution rates shall be calculated and applied. The
40 percentage of base salary contribution required to be contributed by
41 an employee shall be multiplied by the percentage of the premium
42 increase that exceeds three percent to determine the new percentage
43 of base salary to be contributed. For this purpose, the eight percent
44 top rate of contribution shall be increased above eight percent.

45 The increase in the blended premium from plan year 2021 to plan
46 year 2022, from plan year 2022 to plan year 2023, and from plan
47 year 2023 to plan year 2024 shall be calculated in the manner
48 specified above and applied to increase the employee contribution

1 rate, if applicable, except that the prior plan year's percentage for
2 contribution, not including any adjustments to the rates made by the
3 commission pursuant to subsection e. of P.L. , c. (pending
4 before the Legislature as this bill), shall be used to determine the
5 increase in the contribution rate.

6 If the blended premium of the coverage types for any of the
7 specified plans decreased from one plan year to another for plan
8 years 2021, 2022, 2023, and 2024 by three percent or more, the
9 percentage of base salary contribution required to be contributed by
10 an employee shall be reduced by the percentage of the decrease that
11 exceeds three percent to determine the new percentage of base
12 salary to be contributed, with the prior plan year's percentage for
13 contribution, not including any adjustments to the rates made by the
14 commission pursuant to subsection e. of P.L. , c. (pending
15 before the Legislature as this bill), to be used to determine the
16 decrease in the contribution rate.

17 The calculations in this subsection shall be made and applied for
18 plan years 2021, 2022, 2023, and 2024 only.

19 g. This section shall apply also when the health care benefits
20 coverage is provided through an insurance fund or joint insurance
21 fund or in any other manner.

22 h. The board of education shall prepare an employee guidance
23 tool to provide employees with confidential consultation online
24 with regard to the employee's decision to select a plan during the
25 period of open enrollment or at other times. The guidance tool shall
26 use actual claims data of that employee. The guidance tool shall be
27 available for the open enrollment period for plan selection for the
28 2020 plan year.

29 i. All other provisions of law shall remain applicable to the
30 extent not inconsistent with this section.

31
32 4. a. As used in this section, "employer" means a local school
33 district, regional school district, county vocational school district,
34 county special services school district, jointure commission,
35 educational services commission, school district under partial or
36 full State intervention, charter school, any officer, board, or
37 commission under the authority of the Commissioner of Education
38 or the State Board of Education, and any other public entity which
39 is established pursuant to authority provided by Title 18A of the
40 New Jersey Statutes, but excluding State public institutions of
41 higher education and those public entities where the employer is the
42 State of New Jersey.

43 b. An employer covered by this section that deducts
44 contributions for health care benefits under any law, regulation, or
45 collective negotiations agreement shall specify in its budget and
46 describe in the supporting documentation submitted to the
47 commissioner pursuant to subsection c. of section 5 of P.L.1996,
48 c.138 (C.18A:7F-5) the following information:

1 (1) the types and extent of health insurance coverage provided
2 to its employees including, but not limited to, medical coverage,
3 prescription coverage, dental coverage, vision coverage, and any
4 other coverage provided;

5 (2) the total cost of premiums for each type of coverage
6 provided;

7 (3) the total projected employee contributions for each type of
8 coverage offered; and

9 (4) the total cost of coverage broken out by employer and
10 employees.

11 c. Any audit performed or required of an employer's
12 expenditures shall include the actual amounts of employee
13 contributions collected for health care benefits. If there is a
14 premium rebate, dividend, or rate reduction provided to the
15 employer by an insurance carrier, the information shall be clearly
16 delineated and included in the audit, and reported to the majority
17 representative.

18 d. Notwithstanding the provisions of any law or regulation to
19 the contrary, an employer including, but not limited to, an employer
20 that participates in the School Employees' Health Benefits Program,
21 shall clearly delineate in its budget and audit documents all fees
22 paid to insurance brokers or agents.

23 e. An employer that deducts contributions for health care
24 benefits from an employee's salary shall provide the employee with
25 a written explanation of each type of coverage provided to the
26 employee and to the employee's dependents. The explanation shall
27 include the following information:

28 (1) the total premium cost for each coverage, listed separately;

29 (2) the total amount of salary deducted for each coverage, which
30 shall be provided after July 1 and at any time thereafter if there is
31 any change in the amount of the employee's health care benefits-
32 related salary deduction; and

33 (3) the time period for which each coverage is provided.

34
35 5. This act shall take effect immediately.
36
37

38 STATEMENT
39

40 This bill requires the School Employees' Health Benefits
41 Commission to provide only three plans that employees may select
42 during the period from January 1, 2020 through December 31, 2024
43 for health care benefits coverage. No other plans may be provided
44 by the program even if there are collective negotiations agreements
45 in effect on the effective date of this bill that provide for selection
46 and enrollment in other plans. Collective negotiations agreements
47 in effect on the effective date of this bill may be altered, reopened,
48 or amended to provide for the selection by the employees of one of

1 the three new plans. Collective negotiations agreements entered into
2 after the effective date of the bill will provide for the selection by
3 employees of only one of those three plans offered by the program.
4 Collective negotiations agreements that are entered into after
5 December 31, 2024 will continue to permit employees to select and
6 enroll, or remain enrolled, in one of the three plans only until the
7 provisions of the School Employees' Health Benefits Program are
8 amended by law to provide for other plans or the plan design
9 committee provides for other plans.

10 The three plans will be:

11 Plan A that shall have an initial plan year 2020 premium that is
12 at a minimum 15 percent lower than the 2019 SEHBP Direct 10
13 plan premium;

14 Plan B that shall have an initial plan year 2020 premium that is
15 at a minimum 25 percent lower than the 2019 SEHBP Direct 10
16 plan premium;

17 Plan C that shall have an initial plan year 2020 premium that is
18 at a minimum 31 percent lower than the 2019 SEHBP Direct 10
19 plan premium.

20 Plan C may be a high deductible plan with an annual deductible
21 of at least \$1,500.

22 If an employee fails to select a plan for health care benefits
23 coverage, the program will enroll the employee and the employee's
24 dependent in Plan B for the plan year.

25 The bill requires the School Employees' Health Benefits
26 Commission to develop a contribution rate chart to be used to
27 determine the amount of contribution to be paid annually by
28 employees and retirees who select health care benefits coverage
29 under Plan A, B, or C to be offered by the School Employees'
30 Health Benefits Program. As established by the commission, the
31 contribution rates will range from two percent to eight percent on a
32 sliding scale. The increments for the percentages and for the annual
33 base salary amounts will be set by the commission.

34 The contribution percentage for each range for Plan A must be
35 higher than the contribution percentage for each range for Plan B
36 and Plan C. The contribution percentage for each range for Plan C
37 must be lower than the contribution percentage for each range for
38 Plan A and Plan B. The contribution percentage for each range for
39 Plan B must be between the contribution percentage for each range
40 for Plan A and Plan C. The amounts for the ranges must be
41 identical for each plan.

42 The contribution percentages for coverage of an employee, or
43 retiree, and child or children must at all times be less than
44 contribution percentages for coverage of an employee, or retiree,
45 and spouse.

46 No contribution will be required for an employee who selects
47 coverage under a Plan C that is a high deductible plan.

1 The bill requires the premium cost for Plans A, B, and C, for
2 both medical and prescription coverage, to be tracked for each plan
3 year by the commission following the plans' initial offering in plan
4 year 2020. The premium cost increases are to be monitored and
5 compared to the national, regional, and State trends of healthcare
6 costs.

7 If the projected blended premium of the coverage types for each
8 plan in a plan year exceeds the baseline premium for plan year
9 2020, the plan design committee or the commission, as appropriate,
10 must lower the premium or reduce the rate of premium increases, or
11 both. Action to lower the premium or reduce the rate of premium
12 increases will commence upon receipt of the program actuary's rate
13 renewal recommendation for premiums for the next plan year.

14 For plan year 2020, the SEHBP commission must make such
15 modifications to the plans offered by the program as will result in
16 net savings for the plan year for the State of \$100 million and for
17 employers other than the State of \$200 million in the aggregate.
18 The commission must make such modifications to plan design
19 without the approval of the plan design committee if necessary. If
20 these net savings are not achieved in plan year 2020, the
21 commission must make further modifications, without the approval
22 of the plan design committee if necessary, to achieve the remainder
23 of the savings in plan year 2021.

24 To achieve the net savings in plan year 2020 or 2021, the
25 commission will make plan design changes or shall adjust
26 contribution rates, while still remaining within the two percent and
27 eight percent rate range. The adjustment in the contributions rates
28 will be in addition to the application of the increase in the
29 contribution rates if applicable for plan year 2021.

30 Net savings from plan design modifications adopted by the plan
31 design committee after July 1, 2019 for plan year 2020 must be
32 included in the calculations by the commission for the net savings
33 required for plan year 2020.

34 Net savings shall be certified by the State Treasurer and verified
35 by the actuary for the program.

36 Commencing in plan year 2020, the preliminary baseline
37 premium rates for Plan A, B, or C will be the blended premium for
38 the coverage types for each plan. If the blended premium projected
39 by the actuary of the coverage types for each plan for plan year
40 2021 exceeds the preliminary baseline premium for each plan from
41 plan year 2020 by three percent or more, an increase in the
42 employee contribution rates will be calculated and applied. The
43 percentage required to be contributed by an employee will be
44 multiplied by the percentage of the premium increase that exceeds
45 three percent to determine the new percentage to be contributed.
46 For this purpose, the eight percent top rate of contribution may be
47 increased above eight percent.

1 The premium increase from plan year 2021 to plan year 2022,
2 from plan year 2022 to plan year 2023, and from plan year 2023 to
3 plan year 2024 will be calculated and applied to increase the
4 employee contribution rate, if applicable, in the manner specified
5 above except that the prior plan year's percentage for contribution
6 shall be used to determine the increase in the contribution rate.

7 If the premium for any of these specified plans decreased from
8 one plan year to another for plan years 2021, 2022, 2023, and 2024
9 by three percent or more, the percentage required to be contributed
10 will be reduced by the percentage of the premium decrease that
11 exceeds three percent to determine the new percentage to be
12 contributed, with the prior plan year's percentage for contribution to
13 be used to determine the decrease in the contribution rate.

14 These calculations will be made and applied for plan years 2021,
15 2022, 2023, and 2024 only.

16 Retirees receiving health care benefits coverage in the SEHBP
17 program who are not enrolled in Medicare will be eligible to select
18 coverage under only Plans A, B, or C.

19 Retirees receiving health care benefits coverage in the program
20 who are enrolled in Medicare will be eligible to select coverage
21 under only the Medicare Advantage Plan or the NJ Direct 15/25
22 plan.

23 Retirees receiving health care benefits coverage in the program
24 who are not enrolled in Medicare or who are enrolled in Medicare
25 and required by law to contribute to the cost of the health care
26 coverage in retirement shall be required to contribute the lesser of
27 the amount specified pursuant to P.L.2011, c.78 or the amount
28 specified in accordance with the contribution rate chart developed
29 by the SEHBP commission using the amount of the annual
30 retirement allowance to identify the percentage rate of contribution
31 and to calculate the contribution amount.

32 For local boards of education that do not participate in the
33 SEHBP, this bill requires that they offer plans A, B, or C during the
34 same period of time and may offer other plans as required to
35 comply with collective negotiations agreements; apply the same
36 contribution rates as the SEHBP develops for Plan A, B, and C; and
37 apply the same increase and decrease in the contribution rates under
38 the conditions as for those who are in SEHBP.

39 The bill requires the commission and boards of education to
40 prepare an employee guidance tool to provide employees with
41 confidential consultation online with regard to the employee's
42 decision to select a plan during the period of open enrollment or at
43 other times. The guidance tool must use actual claims data of that
44 employee. The guidance tool must be available for the open
45 enrollment period for plan selection for the 2020 plan year.

46 The bill also:

47 Provides that an education employer that deducts contributions
48 for health care benefits under any law, regulation, or collective

1 negotiations agreement must specify in its budget and describe in
2 the supporting documentation submitted to the Commissioner of
3 Education certain information on health insurance coverage
4 provided to its employees.

5 Requires that any audit performed or required of an employer's
6 expenditures will include the actual amounts of employee
7 contributions collected for health care benefits.

8 Requires an education employer to clearly delineate in its budget
9 and audit documents all fees paid to insurance brokers or agents.

10 Requires an education employer that deducts contributions for
11 health care benefits from an employee's salary to provide the
12 employee with a written explanation of each type of coverage
13 provided to the employee and to the employee's dependents.

14 Provides that the bill will not be construed to prohibit a local
15 public entity from renegotiating the terms and conditions of
16 employment set forth in a collective bargaining agreement in effect
17 on the effective date of this bill in order to account for any
18 modification thereof attributable to this bill.