

SENATE, No. 2273

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED MARCH 16, 2020

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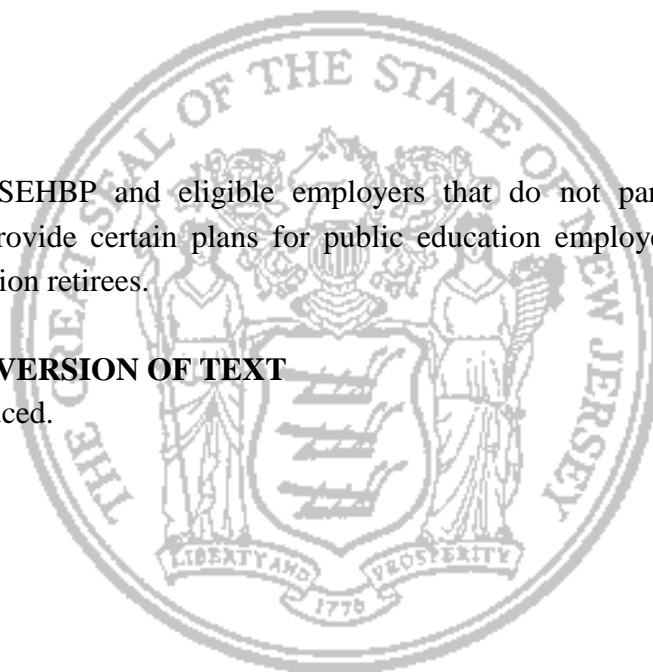
Senators Ruiz, Addiego, T.Kean, Bateman and Thompson

SYNOPSIS

Requires SEHBP and eligible employers that do not participate in the SEHBP to provide certain plans for public education employees and certain public education retirees.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/19/2020)

1 AN ACT concerning the health care benefits plans provided by the
2 School Employees' Health Benefits Program and eligible
3 employers that do not participate in the program, and
4 supplementing P.L.2007, c.103 (C.52:14-17.46.1 et seq.) and
5 P.L.1979, c.391 (C.18A:16-12 et seq.).
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7 **BE IT ENACTED** by the Senate and General Assembly of the State
8 of New Jersey:
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10 1. This section shall apply to the School Employees' Health
11 Benefits Program (SEHBP) and to those employers defined
12 pursuant to section 32 of P.L.2007, c.103 (C.52:14-17.46.2) that
13 participate in the program.

14 a. Notwithstanding the provisions of any other law, rule, or
15 regulation to the contrary, each plan year for the School Employees'
16 Health Benefits Program shall commence on each July 1 and end on
17 June 30 of the following year, commencing on July 1, 2020 and on
18 each July 1 thereafter.

19 b. (1) Notwithstanding the provisions of any other law, rule, or
20 regulation to the contrary, beginning with the plan year that
21 commences July 1, 2020 and for each plan year thereafter, the
22 School Employees' Health Benefits Program shall offer only three
23 plans that provide medical and prescription drug benefits for
24 employees, and retirees who are not Medicare-eligible, and their
25 dependents if any. All other plans offered prior to July 1, 2020 for
26 employees, and retirees who are not Medicare-eligible, and their
27 dependents if any, shall be terminated.

28 The three plans shall be the New Jersey Educators Health Plan as
29 developed by the School Employees' Health Benefits Plan Design
30 Committee in accordance with subsection g. of this section; the
31 SEHBP NJ Direct 10 plan as adopted and implemented by the
32 School Employees' Health Benefits Commission for the plan year
33 that began January 1, 2020; and the SEHBP NJ Direct 15 plan as
34 adopted and implemented by the School Employees' Health
35 Benefits Commission for the plan year that began January 1, 2020.

36 (2) Only the plans set forth in this section shall be offered by the
37 program regardless of any collective negotiations agreement
38 between a participating employer and its employees in effect on the
39 effective date of this act, P.L. , c. (pending before the
40 Legislature as this bill), that provides for enrollment in other plans
41 that were offered by the program prior to July 1, 2020.

42 (3) The School Employees' Health Benefits Commission may
43 delay the date of implementation of plan offerings, plan
44 terminations, and enrollments as set forth in this section until a date
45 after July 1, 2020, but not later than August 1, 2020, if the
46 commission deems the delay to be necessary. The commission may
47 delay implementation until a date, as soon as possible, after July 1,
48 2020 by which date the commission determines that implementation

1 will be practicable. The commission shall state in writing the
2 reasons for the delay. Under no circumstances shall implementation
3 occur later than August 1, 2020.

4 c. Prior to July 1, 2020, the program, through the Division of
5 Pensions and Benefits in the Department of the Treasury, shall
6 provide for a special enrollment period during which all employees
7 shall be required to select affirmatively one of the three plans
8 specified in subsection b. of this section. If an employee fails to
9 select affirmatively a plan during this special enrollment period, the
10 program shall enroll the employee, and the employee's dependents
11 if any, in the New Jersey Educators Health Plan for the plan year
12 beginning July 1, 2020 and ending June 30, 2021.

13 During the special enrollment period, any person who is enrolled
14 in a plan offered by the program and who is paying the full cost of
15 health care benefits coverage shall also be required to select
16 affirmatively one of the three plans specified in subsection b. of this
17 section. If a person fails to select affirmatively a plan during this
18 special enrollment period, the program shall enroll the person, and
19 the person's dependents if any, in the New Jersey Educators Health
20 Plan for the plan year beginning July 1, 2020 and ending June 30,
21 2021. Any such person shall continue to pay the full cost of
22 coverage and shall not be subject to the contribution schedule or
23 any mandatory enrollment period as set forth in this section and
24 section 2 of this act.

25 d. (1) An employee commencing employment on or after July
26 1, 2020 but before July 1, 2027 who does not waive coverage shall
27 be enrolled by the program, with the employee's dependents if any,
28 in the New Jersey Educators Health Plan. The employee shall
29 remain enrolled in that plan for each plan year through the plan year
30 that ends June 30, 2027. For the plan year beginning July 1, 2027,
31 the employee may select, during any open enrollment period or at
32 such other times or under such conditions as the program may
33 provide, any plan offered by the program.

34 (2) For the plan year beginning July 1, 2020, the program shall
35 enroll a retiree who is not Medicare-eligible, and the retiree's
36 dependents if any, in the New Jersey Educators Health Plan for
37 health care benefits coverage as a retiree, if the retiree does not
38 waive coverage. The retiree shall remain enrolled in that plan for
39 each plan year through the plan year that ends June 30, 2027 or
40 until the retiree becomes eligible for Medicare, whichever comes
41 first. The retiree who becomes eligible for Medicare shall no longer
42 be eligible for enrollment in the New Jersey Educators Health Plan.
43 For the plan year beginning July 1, 2027, that retiree who is not
44 Medicare-eligible may select, during any open enrollment period or
45 at such other times or under such conditions as the program may
46 provide, any plan offered by the program.

1 (3) Except as otherwise provided in this subsection or
 2 subsection c. of this section, selection of a plan shall be at the sole
 3 discretion of the employee or retiree who is not Medicare-eligible.

4 e. Beginning with the plan year that commences July 1, 2021
 5 and for each plan year thereafter, the program shall offer a fourth
 6 plan to be called the Garden State Health Plan. The plan shall be
 7 developed by the School Employees' Health Benefits Plan Design
 8 Committee. If the committee does not adopt a design for the
 9 Garden State Health Plan by December 31, 2020, the Division of
 10 Pensions and Benefits in the Department of the Treasury shall
 11 develop the Garden State Health Plan.

12 The Garden State Health Plan shall provide medical and
 13 prescription drug benefits that are equivalent to the level of medical
 14 and prescription drug benefits provided by the New Jersey
 15 Educators Health Plan, except that the benefits under the Garden
 16 State Health Plan shall be available only from providers located in
 17 the State of New Jersey.

18 Access to a service provider that is located outside of the State
 19 shall be available only under such conditions, restrictions, and
 20 limitations as the plan design committee or the division, as
 21 appropriate, shall provide.

22 f. The level of benefits in the New Jersey Educators Health
 23 Plan, the Garden State Health Plan, the NJ Direct 10 plan, and the
 24 NJ Direct 15 plan as those plans are specified in subsection b., e.,
 25 and g. of this section shall remain unchanged until June 30, 2027.
 26 No change in the level of benefits in those plans shall be made
 27 before that date unless such a change is required by federal or State
 28 law to governmental health care benefits plans or to both
 29 governmental and non-governmental health care benefits plans.

30 For the plan year that commences July 1, 2027 and for each plan
 31 year thereafter, the level of benefits in the New Jersey Educators
 32 Health Plan, the Garden State Health Plan, the NJ Direct 10 plan,
 33 and the NJ Direct 15 plan as those plans are specified in subsection
 34 b., e., and g. of this section may be modified by the School
 35 Employees' Health Benefits Plan Design Committee.

36 g. The benefits in the New Jersey Educators Health Plan shall
 37 include the following:

38

In Network Benefits	Coverage
Member Coinsurance:	10%, Applies Only to Emergency Transportation Care and Durable Medical Equipment
Deductible:	N/A
Out-of-Pocket Maximum:	\$500 Single/ \$1,000 Family

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(covers all copayments, coinsurance, and deductible)

Emergency Room Copayment: \$125 (To be Waived if Admitted)

PCP Office Visit Copayment: \$10

Specialist Office Visit Copayment \$15

Out-of-Network Benefits Coverage

Member Coinsurance: 30% of the Out-of-Network Fee Schedule

Deductible: \$350 / \$700

Out-of-Pocket Maximum: \$2,000 Single / \$5,000 Family

Routine Lab: Paid at Out-of-Network Benefit Level

Out-of-Network Fee Schedule: 200% of CMS - Medicare

Pharmacy

Out-of-Pocket Maximum: \$1,600 Single / \$3,200 Family (Indexed Annually Pursuant to Federal Law)

Generic Copayment: \$5 Retail 30 Day Supply / \$10 Mail 90 Day Supply

Brand Copayment: \$10 Retail 30 Day Supply/ \$20 Mail 90 Day Supply

Mandatory Generic: Member Pays Difference in Cost Between Generic and Brand, Plus Brand Copayment

Formulary: PBM's Closed Formulary

Other

Chiropractic, Physical Therapy, and Acupuncture: Subject to Out-of-Network Limits as for the State Health Benefits Program to take effect

as of April 1, 2020, or as soon thereafter as reasonably practicable.

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Under a patient centered medical home model, there shall be no office visit copay for primary care for participants who select and lock into a patient centered medical home for primary care.

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h. Any plan offered by the School Employees' Health Benefits Program shall require that chiropractic, physical therapy, and acupuncture benefits shall be subject to the same out-of-network limits as for the State Health Benefits Program that are to take effect as of April 1, 2020 or as soon thereafter as reasonably practicable.

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2. a. Each employee, and retiree who is not Medicare-eligible and who is required by another provision of law to contribute in retirement toward the cost of health care benefits coverage under the program, shall contribute annually toward the cost of health care benefits coverage for the employee and retiree, and dependents if any, under the New Jersey Educators Health Plan offered by the School Employees' Health Benefits Program an amount equal to a percentage of the employee's annual base salary or retiree's annual retirement allowance. The contribution shall be withheld by the employer from the salary of the employee or by the retirement system from the retirement allowance of the retiree who is not Medicare-eligible. The percent to be contributed shall be as follows:

For Base Salary or Retirement Allowance of \$40,000 or Less: 1.7% for Single Coverage; 2.2% for Parent and Child(ren) Coverage; 2.8% for Employee and Spouse Coverage; and 3.3% for Family Coverage

For Base Salary or Retirement Allowance of more than \$40,000 to \$50,000: 1.9% for Single Coverage; 2.5% for Parent and Child(ren) Coverage; 3.3% for Employee and Spouse Coverage; and 3.9% for Family Coverage

For Base Salary or Retirement Allowance of more than \$50,000 to \$60,000: 2.2% for Single Coverage; 2.8% for Parent and Child(ren) Coverage; 3.9% for Employee and Spouse Coverage; and 4.4% for Family Coverage

For Base Salary or Retirement Allowance of more than \$60,000 to \$70,000: 2.5% for Single Coverage; 3% for Parent and Child(ren)

1 Coverage; 4.4% for Employee and Spouse Coverage; and 5% for
2 Family Coverage

3
4 For Base Salary or Retirement Allowance of more than \$70,000 to
5 \$80,000: 2.8% for Single Coverage; 3.3% for Parent and Child(ren)
6 Coverage; 5% for Employee and Spouse Coverage; and 5.5% for
7 Family Coverage

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9 For Base Salary or Retirement Allowance of more than \$80,000 to
10 \$90,000: 3% for Single Coverage; 3.6% for Parent and Child(ren)
11 Coverage; 5.5% for Employee and Spouse Coverage; and 6% for
12 Family Coverage

13
14 For Base Salary or Retirement Allowance of more than \$90,000 to
15 \$100,000: 3.3% for Single Coverage; 3.9% for Parent and
16 Child(ren) Coverage; 6% for Employee and Spouse Coverage; and
17 6.6% for Family Coverage

18
19 For Base Salary or Retirement Allowance of more than \$100,000 to
20 \$125,000:

21 3.6% for Single Coverage; 4.4% for Parent and Child(ren)
22 Coverage; 6.6% for Employee and Spouse Coverage; and 7.2% for
23 Family Coverage

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25 When the base salary or retirement allowance is more than
26 \$125,000, the percent to be contributed shall be the same as for a
27 base salary or retirement allowance of \$125,000.

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29 b. Each employee, and retiree who is not Medicare-eligible and
30 who is required by another provision of law to contribute in
31 retirement toward the cost of health care benefits coverage under
32 the program, shall contribute annually toward the cost of health care
33 benefits coverage for the employee and retiree, and dependents if
34 any, under the Garden State Health Plan offered by the School
35 Employees' Health Benefits Program an amount equal to a
36 percentage of the employee's annual salary or retiree's annual
37 retirement allowance. The contribution shall be withheld by the
38 employer from the salary of the employee or by the retirement
39 system from the retirement allowance of the retiree who is not
40 Medicare-eligible. The percent to be contributed shall be one-half
41 of the percentage set forth in subsection a. of this section for the
42 salary or retirement allowance range and type of coverage, except
43 that the contribution specified in this subsection shall not be less
44 than the minimum annual contribution for health care benefits
45 coverage of 1.5% of salary or retirement allowance as required by
46 law.

47 c. (1) An employee enrolled in the New Jersey Educators
48 Health Plan or the Garden State Health Plan shall be required to pay

1 only the contribution specified in subsection a. or b. of this section,
2 notwithstanding any other provision of law, rule, or regulation to
3 the contrary requiring contributions by employees toward the cost
4 of health care benefits coverage under the program, except as
5 provided in subsection b. of this section. No other contribution may
6 be required by collective negotiations agreement, except as set forth
7 in subsection h. of this section.

8 (2) Only those retirees who are not Medicare-eligible and who
9 are required by another provision of law to contribute in retirement
10 toward the cost of health care coverage under the program shall be
11 required to pay the contribution specified in subsection a. or b. of
12 this section for coverage under the New Jersey Educators Health
13 Plan or the Garden State Health Plan.

14 A retiree who is not Medicare-eligible, who is enrolled in the
15 New Jersey Educators Health Plan or the Garden State Health Plan,
16 and who is required by another provision of law to contribute in
17 retirement toward the cost of health care coverage under the
18 program shall be required to pay only the contribution specified in
19 subsection a. or b. of this section, notwithstanding the provisions of
20 section 77 of P.L.2011, c.78 (C.52:14-17.28e), section 3 of
21 P.L.1987, c.384 (C.52:14-17.32f), section 2 of P.L.1992, c.126
22 (C.52:14-17.32f1), or section 1 of P.L.1995, c.357 (C.52:14-
23 17.32f2) to the contrary requiring contributions by retirees toward
24 the cost of health care benefits coverage under the program, except
25 as provided in subsection b. of this section.

26 d. Employees who are not enrolled in the New Jersey Educators
27 Health Plan or the Garden State Health Plan shall continue, after the
28 effective date of this act, P.L. , c. (pending before the
29 Legislature as this bill), to contribute to health care benefits
30 coverage and those contributions shall be determined in accordance
31 with what is permitted or required by provisions of law.

32 An employee who is enrolled in a plan other than the New Jersey
33 Educators Health Plan or the Garden State Health Plan shall be
34 required to contribute toward the cost of health care benefits
35 coverage under the program (a) in accordance with a collective
36 negotiations agreement applicable to that employee as negotiated
37 prior to or after the effective date of this act, P.L. , c. (pending
38 before the Legislature as this bill), pursuant to the requirements that
39 were set forth in law on the day next preceding that effective date;
40 (b) as may be required at the discretion of the employer; or (c) as
41 required by a provision of law, whichever is applicable to that
42 employee.

43 With regard to contributions by an employee who is enrolled in a
44 plan other than the New Jersey Educators Health Plan or the Garden
45 State Health Plan, no provision in this section shall be deemed to
46 modify, alter, impair, or terminate the requirement in sections 77
47 and 78 of P.L.2011, c.78 (C.18A:16-17.2 and C.52:14-17.28e), as
48 applicable, that a public employer and employees who were in

1 negotiations for the collective negotiations agreement to be
2 executed after the employees in that unit had reached full
3 implementation of the premium share set forth in section 39 of
4 P.L.2011, c.78 (C.52:14-17.28c) shall conduct negotiations
5 concerning contributions for health care benefits as if the full
6 premium share was included in the prior contract. Nothing in this
7 act shall be deemed to modify, alter, impair, or terminate the
8 continued compliance after the effective date of this act with that
9 requirement for negotiations for any collections negotiations
10 agreement for employee contributions for plans other than the New
11 Jersey Educators Health Plan or the Garden State Health Plan.

12 e. For an employee, the annual base salary paid by the
13 employer for the position held by the employee shall be used to
14 identify the percentage to be used to calculate the annual
15 contribution required under subsections a. and b. of section 2 of this
16 act. For a retiree who is not Medicare-eligible, the annual
17 retirement allowance received by the retiree shall be used to
18 identify the percentage to be used to calculate the annual
19 contribution required under subsections a. and b. of section 2 of this
20 act.

21 f. The annual contribution by an employee or a retiree who is
22 not Medicare-eligible as calculated in accordance with subsection a.
23 or b. of this section shall not exceed the amount as calculated in
24 accordance with section 4 of this act, P.L. , c. (C.)(pending
25 before the Legislature as this bill).

26 g. The contributions required by this section shall apply to
27 employees for whom the employer has assumed a health care
28 benefits payment obligation, to require that such employees pay the
29 amount of contribution specified in this section for health care
30 benefits coverage. The contributions required by this section shall
31 apply to retirees for whom the State has assumed a health care
32 benefits payment obligation but who are required by law to
33 contribute toward the cost of health care benefits coverage under
34 the program, to require that such retirees pay the amount of
35 contribution specified in this section for health care benefits
36 coverage.

37 h. For the plan year that commences on July 1, 2027 and for
38 each plan year thereafter, the contributions required pursuant to
39 subsections a. and b. of this section for employees enrolled in the
40 New Jersey Educators Health Plan or the Garden State Health Plan
41 may be modified through collective negotiations agreements
42 entered into between the employers who participate in the School
43 Employees' Health Benefits Program and their employees. The
44 contributions required pursuant to subsections a. and b. of this
45 section shall become part of the parties' collective negotiations and
46 shall then be subject to collective negotiations in a manner similar
47 to other negotiable items between the parties. Negotiations
48 concerning contributions for health care benefits shall be conducted

1 as if the contributions required pursuant to subsections a. and b. of
2 this section were included in the prior contract. The contribution
3 scheme of percentage of base salary set forth in those subsections
4 may be modified or a new contribution scheme or method other
5 than a percentage of salary may be provided for in accordance with
6 a collective negotiations agreement.

7
8 3. a. The School Employees' Health Benefits Commission
9 shall prepare, in coordination with the Division of Pensions and
10 Benefits in the Department of the Treasury, a guidance tool to
11 provide employees and retirees who is not Medicare-eligible with
12 confidential consultations online with regard to the employee's or
13 retiree's decision to select a plan during a period of open enrollment
14 or at other times. The guidance tool shall operate using information
15 supplied by the employee or retiree as answers to questions
16 concerning the health care needs of the employee or retiree, and the
17 employee's or retiree's dependents if any.

18 b. The School Employees' Health Benefits Plan Design
19 Committee shall develop a comprehensive health and wellness plan
20 intended to provide biometric screening services, chronic condition
21 coaching services, and smoking cessation services.

22 The School Employees' Health Benefits Commission shall
23 provide, through a contract, for the services of wellness related
24 providers for employees and retirees, and their dependents if any,
25 enrolled in the program. The contract awarded by the commission
26 shall provide access to those services for employers, as defined in
27 section 32 of P.L.2007, c.103 (C.52:14-17.46.2), who do not
28 participate in the program so that their employees may have access
29 to the same services and under same terms, conditions, and costs as
30 the employees of employers who do participate.

31 The School Employees' Health Benefits Program shall promote,
32 on an on-going basis, the expansion of the use of patient centered
33 medical homes.

34 The School Employees' Health Benefits Plan Design Committee
35 shall seek also to adopt, on an on-going basis, efforts and measures
36 to support expanded population health arrangements that manage
37 costs and prevent inappropriate utilization.

38 c. All provisions of law regarding the School Employees'
39 Health Benefits Program shall remain applicable to the extent not
40 inconsistent with, and shall not be interpreted in a manner that
41 creates a direct impediment to the implementation of, this section
42 and sections 1, 2, and 4 of this act, P.L. , c. (C.)(pending
43 before the Legislature as this bill).

44
45 4. For employees and retirees who are not Medicare-eligible
46 who are required to make a contribution pursuant to subsection a. or
47 b. of section 2, or subsection d. of section 5, of this act, P.L. ,
48 c. (C.)(pending before the Legislature as this bill), due to

1 enrollment in the New Jersey Educators Health Plan or the Garden
2 State Health Plan, or the equivalent plan, as appropriate, a
3 calculation shall be made in accordance with this section. The
4 employee or retiree shall be required to contribute the lesser of: the
5 amount calculated for that employee or retiree in accordance with
6 subsection a. or b. of section 2, or in accordance subsection d. of
7 section 5, of this act, as appropriate; or the amount calculated for
8 that employee or retiree in accordance with this section.

9
10 for family coverage or its equivalent -

11 an employee or retiree who earns less than \$25,000 shall pay 3
12 percent of the cost of coverage;

13 an employee or retiree who earns \$25,000 or more but less than
14 \$30,000 shall pay 4 percent of the cost of coverage;

15 an employee or retiree who earns \$30,000 or more but less than
16 \$35,000 shall pay 5 percent of the cost of coverage;

17 an employee or retiree who earns \$35,000 or more but less than
18 \$40,000 shall pay 6 percent of the cost of coverage;

19 an employee or retiree who earns \$40,000 or more but less than
20 \$45,000 shall pay 7 percent of the cost of coverage;

21 an employee or retiree who earns \$45,000 or more but less than
22 \$50,000 shall pay 9 percent of the cost of coverage;

23 an employee or retiree who earns \$50,000 or more but less than
24 \$55,000 shall pay 12 percent of the cost of coverage;

25 an employee or retiree who earns \$55,000 or more but less than
26 \$60,000 shall pay 14 percent of the cost of coverage;

27 an employee or retiree who earns \$60,000 or more but less than
28 \$65,000 shall pay 17 percent of the cost of coverage;

29 an employee or retiree who earns \$65,000 or more but less than
30 \$70,000 shall pay 19 percent of the cost of coverage;

31 an employee or retiree who earns \$70,000 or more but less than
32 \$75,000 shall pay 22 percent of the cost of coverage;

33 an employee or retiree who earns \$75,000 or more but less than
34 \$80,000 shall pay 23 percent of the cost of coverage;

35 an employee or retiree who earns \$80,000 or more but less than
36 \$85,000 shall pay 24 percent of the cost of coverage;

37 an employee or retiree who earns \$85,000 or more but less than
38 \$90,000 shall pay 26 percent of the cost of coverage;

39 an employee or retiree who earns \$90,000 or more but less than
40 \$95,000 shall pay 28 percent of the cost of coverage;

41 an employee or retiree who earns \$95,000 or more but less than
42 \$100,000 shall pay 29 percent of the cost of coverage;

43 an employee or retiree who earns \$100,000 or more but less than
44 \$110,000 shall pay 32 percent of the cost of coverage;

45 an employee or retiree who earns \$110,000 or more shall pay 35
46 percent of the cost of coverage

47
48 for individual coverage or its equivalent -

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1 an employee or retiree who earns less than \$20,000 shall pay 4.5
2 percent of the cost of coverage;
3 an employee or retiree who earns \$20,000 or more but less than
4 \$25,000 shall pay 5.5 percent of the cost of coverage;
5 an employee or retiree who earns \$25,000 or more but less than
6 \$30,000 shall pay 7.5 percent of the cost of coverage;
7 an employee or retiree who earns \$30,000 or more but less than
8 \$35,000 shall pay 10 percent of the cost of coverage;
9 an employee or retiree who earns \$35,000 or more but less than
10 \$40,000 shall pay 11 percent of the cost of coverage;
11 an employee or retiree who earns \$40,000 or more but less than
12 \$45,000 shall pay 12 percent of the cost of coverage;
13 an employee or retiree who earns \$45,000 or more but less than
14 \$50,000 shall pay 14 percent of the cost of coverage;
15 an employee or retiree who earns \$50,000 or more but less than
16 \$55,000 shall pay 20 percent of the cost of coverage;
17 an employee or retiree who earns \$55,000 or more but less than
18 \$60,000 shall pay 23 percent of the cost of coverage;
19 an employee or retiree who earns \$60,000 or more but less than
20 \$65,000 shall pay 27 percent of the cost of coverage;
21 an employee or retiree who earns \$65,000 or more but less than
22 \$70,000 shall pay 29 percent of the cost of coverage;
23 an employee or retiree who earns \$70,000 or more but less than
24 \$75,000 shall pay 32 percent of the cost of coverage;
25 an employee or retiree who earns \$75,000 or more but less than
26 \$80,000 shall pay 33 percent of the cost of coverage;
27 an employee or retiree who earns \$80,000 or more but less than
28 \$95,000 shall pay 34 percent of the cost of coverage;
29 an employee or retiree who earns \$95,000 or more shall pay 35
30 percent of the cost of coverage;
31
32 for member with child or spouse coverage or its equivalent -
33 an employee or retiree who earns less than \$25,000 shall pay 3.5
34 percent of the cost of coverage;
35 an employee or retiree who earns \$25,000 or more but less than
36 \$30,000 shall pay 4.5 percent of the cost of coverage;
37 an employee or retiree who earns \$30,000 or more but less than
38 \$35,000 shall pay 6 percent of the cost of coverage;
39 an employee or retiree who earns \$35,000 or more but less than
40 \$40,000 shall pay 7 percent of the cost of coverage;
41 an employee or retiree who earns \$40,000 or more but less than
42 \$45,000 shall pay 8 percent of the cost of coverage;
43 an employee or retiree who earns \$45,000 or more but less than
44 \$50,000 shall pay 10 percent of the cost of coverage;
45 an employee or retiree who earns \$50,000 or more but less than
46 \$55,000 shall pay 15 percent of the cost of coverage;
47 an employee or retiree who earns \$55,000 or more but less than
48 \$60,000 shall pay 17 percent of the cost of coverage;

1 an employee or retiree who earns \$60,000 or more but less than
2 \$65,000 shall pay 21 percent of the cost of coverage;
3 an employee or retiree who earns \$65,000 or more but less than
4 \$70,000 shall pay 23 percent of the cost of coverage;
5 an employee or retiree who earns \$70,000 or more but less than
6 \$75,000 shall pay 26 percent of the cost of coverage;
7 an employee or retiree who earns \$75,000 or more but less than
8 \$80,000 shall pay 27 percent of the cost of coverage;
9 an employee or retiree who earns \$80,000 or more but less than
10 \$85,000 shall pay 28 percent of the cost of coverage;
11 an employee or retiree who earns \$85,000 or more but less than
12 \$100,000 shall pay 30 percent of the cost of coverage.
13 an employee or retiree who earns \$100,000 or more shall pay 35
14 percent of the cost of coverage.

15

16 The annual base salary of an employee shall be used to
17 determine what the employee earns for the purpose of determining
18 the percent of the cost of coverage. The annual retirement
19 allowance of a retiree who is not Medicare-eligible shall be used to
20 determine what the retiree earns for the purpose of determining the
21 percent of the cost of coverage.

22 As used in this section, "cost of coverage" means the premium or
23 periodic charges for medical and prescription drug plan coverage,
24 but not for dental, vision, or other health care, provided: (1) under
25 the New Jersey Educators Health Plan or the Garden State Health
26 Plan offered by the School Employees' Health Benefits Program
27 pursuant to section 1 of P.L. , c. (C.)(pending before the
28 Legislature as this bill); or (2) under the equivalent New Jersey
29 Educators Health Plan or the equivalent Garden State Health Plan
30 offered by an employer pursuant to section 5 of P.L. c. (C.
31 (pending before the Legislature as this bill) when that employer is
32 not a participant in the School Employees' Health Benefits Program.

33

34 5. This section shall apply to local boards of education and
35 employers, as specified in subsection j. of this section, who do not
36 participate in the School Employees' Health Benefits Program.

37 a. (1) Notwithstanding the provisions of any other law, rule, or
38 regulation to the contrary, beginning July 1, 2020 and for each plan
39 year thereafter, a board of education as an employer providing
40 health care benefits coverage for its employees, and their
41 dependents if any, in accordance with P.L.1979, c.391 (C.18A:16-
42 12 et seq.) shall offer to its employees, and their dependents if any,
43 the equivalent of the New Jersey Educators Health Plan in the
44 School Employees' Health Benefits Program as that plan is
45 described in section 1 of P.L. , c. (C.)(pending before the
46 Legislature as this bill).

47 Beginning July 1, 2021 and for each plan year thereafter, a board
48 of education as an employer providing health care benefits coverage

1 for its employees, and their dependents if any, in accordance with
2 P.L.1979, c.391 (C.18A:16-12 et seq.) shall also offer a plan for its
3 employees, and their dependents if any, that is the equivalent of the
4 Garden State Health Plan in the School Employees' Health Benefits
5 Program.

6 (2) The plans under this section shall be offered by the employer
7 regardless of any collective negotiations agreement between the
8 employer and its employees in effect on the effective date of this
9 act, P.L. , c. (pending before the Legislature as this bill), that
10 provides for enrollment in other plans offered by the employer.

11 No new health care benefits plans, other than those specified in
12 paragraph (1) of this subsection, shall be added by the employer
13 from July 1, 2020 through June 30, 2027 unless the provisions of
14 any collective negotiations agreement entered into before or after
15 the effective date of this act, P.L. , c. (pending before the
16 Legislature as this bill), result in additional premium cost
17 reductions. Nothing in this section shall prohibit an employer from
18 offering health care benefits plans that existed prior to the effective
19 date of this act.

20 (3) Commencing July 1, 2027, the employer may offer such
21 other plans as may be required in accordance with any collective
22 negotiations agreement between the employer and its employees.

23 (4) An employer may delay implementation of plan offerings
24 and enrollments as set forth in this section until a date after July 1,
25 2020, but not later than August 1, 2020, if the employer deems the
26 delay to be necessary. The employer may delay implementation
27 until a date, as soon as possible, after July 1, 2020 by which date
28 the employer determines that implementation will be practicable.
29 The employer shall state in writing the reasons for the delay and
30 shall submit that statement to the School Employees' Health
31 Benefits Commission. Under no circumstances shall
32 implementation occur later than August 1, 2020.

33 b. Prior to July 1, 2020, each employer shall provide a special
34 enrollment period during which all employees shall be required to
35 select affirmatively a plan provided by the employer. If an
36 employee fails to select affirmatively a plan during this special
37 enrollment period, the employer shall enroll the employee, and the
38 employee's dependents if any, in the equivalent New Jersey
39 Educators Health Plan for the year July 1, 2020 until June 30, 2021.

40 During the special enrollment period, each person who is
41 enrolled in a plan offered by the employer and who is paying the
42 full cost of coverage shall also be required to select affirmatively a
43 plan provided by the employer. If a person fails to select
44 affirmatively a plan during this special enrollment period, the
45 employer shall enroll the person, and the person's dependents if
46 any, in the equivalent New Jersey Educators Health Plan for the
47 year July 1, 2020 until June 30, 2021. Any such person shall
48 continue to pay the full cost of coverage and shall not be subject to

1 the contribution schedule or any mandatory enrollment period as set
2 forth in this section.

3 c. (1) An employee commencing employment on or after July
4 1, 2020 but before July 1, 2027 who does not waive coverage, shall
5 be enrolled by the employer in the equivalent New Jersey Educators
6 Health Plan. The employee shall remain enrolled in that plan for
7 each plan year until June 30, 2027. Beginning July 1, 2027, the
8 employee may select, during any open enrollment period or at such
9 other times or under such conditions as the employer may provide,
10 any plan offered by the employer.

11 (2) Except as otherwise provided in this subsection or
12 subsection b. of this section, selection of a plan shall be at the sole
13 discretion of the employee.

14 d. An employee shall contribute annually toward the cost of
15 health care benefits coverage for the employee, and employee's
16 dependents if any, the amount specified, in the manner specified, in
17 subsection a. or b. of section 2 of this act, P.L. ,
18 c. (C.)(pending before the Legislature as this bill), if the
19 employee, and the employee's dependents if any, are enrolled in the
20 equivalent New Jersey Educators Health Plan or the equivalent
21 Garden State Health Plan. An employee's contribution toward the
22 cost of coverage under the equivalent Garden State Health Plan
23 shall be the amount required in subsection b. of section 2 of this act,
24 except that the contribution specified in that subsection shall not be
25 less than the minimum annual contribution for health care benefits
26 coverage of 1.5% of salary as required by law.

27 e. (1) An employee enrolled in the equivalent New Jersey
28 Educators Health Plan or the equivalent Garden State Health Plan
29 shall be required to pay only the contribution specified in
30 subsections a. and b. of section 2 of this act, notwithstanding any
31 other provision of law, rule, or regulation to the contrary requiring
32 contributions by employees toward the cost of health care benefits
33 coverage provided by an employer, except as provided in subsection
34 d. of this section. No other contribution may be required by
35 collective negotiations agreement, except as set forth in subsection
36 i. of this section.

37 (2) Employees who are not enrolled in the equivalent New
38 Jersey Educators Health Plan or the equivalent Garden State Health
39 Plan shall continue, after the effective date of this act, P.L. , c.
40 (pending before the Legislature as this bill), to contribute to health
41 care benefits coverage and those contributions shall be determined
42 in accordance with what is permitted or required by provisions of
43 law.

44 An employee who is enrolled in a plan other than the equivalent
45 New Jersey Educators Health Plan or the equivalent Garden State
46 Health Plan shall be required to contribute toward the cost of health
47 care benefits coverage offered by the employer (a) in accordance
48 with a collective negotiations agreement applicable to that

1 employee as negotiated prior to or after the effective date of this act
2 pursuant to the requirements that were set forth in law on the day
3 next preceding that effective date; (b) as may be required at the
4 discretion of the employer; or (c) as required by a provision of law,
5 whichever is applicable to that employee.

6 With regard to contributions by an employee who is enrolled in a
7 plan other than the equivalent New Jersey Educators Health Plan or
8 the equivalent Garden State Health Plan, no provision in this
9 section shall be deemed to modify, alter, impair, or terminate the
10 requirement in sections 77 and 78 of P.L.2011, c.78 (C.18A:16-17.2
11 and C.52:14-17.28e), as applicable, that a public employer and
12 employees who are in negotiations for the collective negotiations
13 agreement to be executed after the employees in that unit had
14 reached full implementation of the premium share set forth in
15 section 39 of P.L.2011, c.78 (C.52:14-17.28c) shall conduct
16 negotiations concerning contributions for health care benefits as if
17 the full premium share was included in the prior contract. Nothing
18 in this act shall be deemed to modify, alter, impair, or terminate the
19 continued compliance after the effective date of this act with that
20 requirement for negotiations for any collective negotiations
21 agreement for employee contributions for plans other than the
22 equivalent New Jersey Educators Health Plan or the equivalent
23 Garden State Health Plan.

24 (3) For an employee, the annual base salary paid by the
25 employer for the position held by the employee shall be used to
26 identify the percentage to be used to calculate the annual
27 contribution required under subsections a. and b. of section 2 of this
28 act.

29 f. The annual contribution by an employee as calculated in
30 accordance with subsection a. or b. of section 2 of this act shall not
31 exceed the amount as calculated in accordance with section 4 of this
32 act.

33 g. The contributions required by this section shall apply to
34 employees for whom the employer has assumed a health care
35 benefits payment obligation, to require that such employees pay the
36 amount of contribution specified in this section for health care
37 benefits coverage.

38 h. The level of benefits in the equivalent New Jersey Educators
39 Health Plan and the equivalent Garden State Health Plan offered by
40 the employer shall remain unchanged until June 30, 2027. No
41 change in the level of benefits in those plans shall be made before
42 that date unless such a change is required by federal or State law to
43 governmental health care benefits plans or to both governmental
44 and non-governmental health care benefits plans.

45 Commencing July 1, 2027 and for each plan year thereafter, the
46 level of benefits in the equivalent New Jersey Educators Health
47 Plan and the equivalent Garden State Health Plan offered by the
48 employer may be modified by the employer in accordance with

1 collective negotiations agreements entered into between the
2 employers who do not participate in the School Employees' Health
3 Benefits Program and their employees, or as otherwise permitted by
4 law.

5 i. Commencing July 1, 2027 and for each plan thereafter, the
6 contributions required pursuant to subsections a. and b. of section 2
7 of this act for employees enrolled in the equivalent New Jersey
8 Educators Health Plan or the equivalent Garden State Health Plan
9 may be modified in accordance with collective negotiations
10 agreements enter into between the employers who do not participate
11 in the School Employees' Health Benefits Program and their
12 employees. The contributions required pursuant to subsections a.
13 and b. of section 2 of this act shall become part of the parties'
14 collective negotiations and shall then be subject to collective
15 negotiations in a manner similar to other negotiable items between
16 the parties. Negotiations concerning contributions for health care
17 benefits shall be conducted as if the contributions required pursuant
18 to subsections a. and b. of section 2 of this act were included in the
19 prior contract. The contribution scheme of the percentage of base
20 salary set forth in those subsections may be modified or a new
21 contribution scheme or method other than a percentage of salary
22 may be provided for in accordance with a collective negotiations
23 agreement.

24 j. This section shall also apply also when health care benefits
25 coverage is provided though an insurance fund or joint insurance
26 fund or any other manner. This section shall apply to any
27 employer, as that term is defined in section 32 of P.L.2007, c.103
28 (C.52:14-17.46.2), that is not a participating employer in the School
29 Employees' Health Benefits Program.

30

31 6. a. Actual savings realized by a school district as a result of
32 the implementation of the provisions of P.L. ,
33 c. (C.)(pending before the Legislature as this bill) shall be
34 used solely and exclusively by the school district for the purpose of
35 reducing the amount that is required to be raised by the local
36 property tax levy by the school district for school district purposes,
37 except when a school district is spending below adequacy as
38 calculated in accordance with section 1 of P.L.2018, c.67
39 (C.18A:7F-70).

40 When a cap on the annual increase in the property tax levy for a
41 school district is imposed by law, the savings realized shall be
42 deducted from the adjusted tax levy for the previous budget year
43 and that reduced amount shall serve as the basis for calculating the
44 adjusted tax levy for the next school year.

45 b. To enable tracking of health care cost savings by school
46 districts, each school district shall submit an annual data sheet for
47 both the current and prior year showing the Total Annual Cost of
48 Health Benefits for Active Employees, the Total Employee Cost-

1 Sharing Contribution, and the Net Cost to the School District for
2 Health Benefits, including the Number of Covered Employees, the
3 Annual Cost Estimate Per Employee, and the Total Cost for each
4 coverage category – Single Coverage, Parent and Child, Employee
5 and Spouse, and Family.

6 In addition, school districts shall provide separate breakouts of
7 the same categories of data for health care coverage under all health
8 care benefits plans offered by the employer. The datasheet shall also
9 indicate whether the school district is enrolled in the School
10 Employees' Health Benefits Program for medical and prescription
11 drug benefits coverage. Reports shall be due no later than 60 days
12 following each enrollment period to the Department of Education,
13 the Division of Pensions and Benefits in the Department of the
14 Treasury, and the Legislature.

15

16 7. This act shall take effect immediately.

17

18

19

STATEMENT

20

21 This bill requires the School Employees' Health Benefits
22 Program (SEHBP) to offer only three plans, beginning on July 1,
23 2020, for medical and prescription benefits coverage. The three
24 plans will be the New Jersey Educators Health Plan; the SEHBP NJ
25 Direct 10 plan as adopted and implemented by the School
26 Employees' Health Benefits Commission for plan year 2020; and
27 the SEHBP NJ Direct 15 plan as adopted and implemented by the
28 School Employees' Health Benefits Commission for plan year
29 2020.

30 The SEHBP applies to the following employers who elect to
31 participate in the SEHBP: local school district, regional school
32 district, county vocational school district, county special services
33 school district, jointure commission, educational services
34 commission, State-operated school district, charter school, county
35 college, any officer, board, or commission under the authority of
36 the Commissioner of Education or of the State Board of Education,
37 and any other public entity which is established pursuant to
38 authority provided by Title 18A of the New Jersey Statutes, but
39 excluding the State public institutions of higher education and
40 excluding those public entities where the employer is the State of
41 New Jersey. The provisions of this bill also apply under section 5
42 to these same employers even if they do not elect to participate in
43 the SEHBP.

44 The New Jersey Educators Health Plan will have the benefits
45 specified in the bill.

46 The plan offerings, plan terminations, and enrollments required
47 by July 1, 2020, as set forth in this bill, may be delayed until a date
48 after July 1, 2020, but not later than August 1, 2020, if the School

1 Employees' Health Benefits Commission, or an employer that does
2 not participate in the SEHBP, deems the delay to be necessary. The
3 commission or employer may delay implementation until a date the
4 commission or employer determines that implementation will be
5 practicable. The commission or employer must state in writing the
6 reasons for the delay. Under no circumstances shall implementation
7 occur later than August 1, 2020.

8 The bill requires the SEHBP to provide a special enrollment
9 period during which all employees will be required to select
10 affirmatively one of the three plans. If an employee fails to select
11 affirmatively a plan during this special enrollment period, the
12 SEHBP will enroll the employee, and their dependents if any, in the
13 New Jersey Educators Health Plan for plan year beginning July 1,
14 2020 and ending June 30, 2021.

15 The bill requires the SEHBP to enroll an employee who
16 commences employment on or after July 1, 2020 but before July 1,
17 2027 in the New Jersey Educators Health Plan. For the plan year
18 that commences July 1, 2027, the employee may select, during any
19 open enrollment period, any one of the three plans provided by the
20 SEHBP.

21 The bill requires the program, for the plan year beginning July 1,
22 2020, to enroll any retiree who is not Medicare-eligible, and the
23 retiree's dependents if any, in the New Jersey Educators Health
24 Plan for health care benefits as a retiree. The retiree must remain in
25 that plan until June 30, 2027 or until the retiree become eligible for
26 Medicare, whichever comes first.

27 For the plan year that commences July 1, 2021, the SEHBP must
28 also offer a Garden State Health Plan. The plan will be developed
29 by the School Employees' Health Benefits Plan Design Committee.
30 The Garden State Health Plan will provide medical and prescription
31 drug benefits that are equivalent to the level of medical and
32 prescription drug benefits provided by the New Jersey Educators
33 Health Plan, except that the benefits under the Garden State Health
34 Plan will be available only from providers located in the State of
35 New Jersey with certain exceptions.

36 The level of benefits in the New Jersey Educators Health Plan,
37 the Garden State Health Plan, the NJ Direct 10, and the NJ Direct
38 15 plan will remain unchanged until June 30, 2027. For the plan
39 year that commences July 1, 2027, the benefits in the plans may be
40 modified by the plan design committee. Employers that do not
41 participate in the SEHBP may modify, through collective
42 negotiations agreements, the employee contributions required for
43 New Jersey Educators Health Plan and the Garden State Health
44 Plan, beginning for the plan year that starts July 1, 2027 and
45 thereafter.

46 The bill requires an employee, or a retiree who is not Medicare-
47 eligible and who is required by law to contribute in retirement
48 toward the cost of health care coverage under the program, to

1 contribute annually a percentage of base salary or retirement
2 allowance toward the cost of the health care benefits coverage
3 under the New Jersey Educators Health Plan and the Garden State
4 Health Plan. The percentages are specified in the bill. However,
5 the contribution cannot be less than the contribution of 1.5% of
6 salary that is required by current law.

7 The required contribution toward the cost of health care benefits
8 coverage under the Garden State Health Plan will be one half of the
9 percentages required for the New Jersey Educators Health Plan.
10 However, the contribution cannot be less than the contribution of
11 1.5% of salary that is required by current law.

12 The amount of the annual contribution for either plan cannot
13 exceed the amount that is the result of a calculation using the chart
14 established under P.L.2011, c.78 that was formerly applicable to
15 determine a contribution that was a percentage of premium.

16 An employee who selects a plan other than the New Jersey
17 Educators Health Plan or the Garden State Health Plan will be
18 required to contribute toward the cost of coverage (1) in accordance
19 with a collective negotiations agreement applicable to that
20 employee as negotiated in accordance with certain requirements of
21 P.L.2011, c.78; (2) as may be required at the discretion of the
22 employer; or (3) as required by a provision of law, whichever is
23 applicable to that employee.

24 The bill requires eligible employers that do not participate in the
25 SEHBP to also offer the equivalent of the New Jersey Educators
26 Health Plan beginning July 1, 2020, and the equivalent of the
27 Garden State Health Plan beginning July 1, 2021, until June 30,
28 2027. The level of benefits in these two plans will remain
29 unchanged through June 30, 2027.

30 No new plans, other than the New Jersey Educators Health Plan
31 and the Garden State Health Plan, may be provided during that
32 period unless the provisions of collective negotiations agreements
33 entered into before or after the effective of this bill result in
34 additional premium cost reductions. Health care benefits plans that
35 existed before the effective date of the bill may continue to be
36 offered by employers that do not participate in the SEHBP.

37 The employees of employers that do not participate in the
38 SEHBP will also be required to make the contributions described
39 above if they enroll in the equivalent New Jersey Educators Health
40 Plan or the equivalent Garden State Health Plan. Eligible
41 employers may modify, through collective negotiations agreements,
42 the two plans and the contributions required for those plans, for the
43 year beginning July 1, 2027 and thereafter. The enrollment
44 provisions required for these employers for the new plans will be
45 the same as those for the employers who participate in the SEHBP.

46 The bill requires that actual savings realized by a school district
47 as a result of the implementation of this bill be used solely and
48 exclusively by the school district for the purpose of reducing the

1 amount that is required to be raised by the local property tax levy
2 by the school district for school district purposes, except when a
3 school district is spending below adequacy as calculated in
4 accordance with N.J.S.A.18A:7F-70. When a cap on the annual
5 increase in the property tax levy for a school district is imposed by
6 law, the savings realized shall be deducted from the adjusted tax
7 levy for the previous budget year and the difference shall serve as
8 the basis for calculating the adjusted tax levy for the next year.

9 The bill requires certain annual reports from school districts.

10 The bill also requires the SEHBP to:

11 develop a guidance tool to provide employees and retirees with
12 confidential consultations online with regard to the employee's or
13 retiree's decision to select a plan during the period of open
14 enrollment or at other times.

15 develop a comprehensive health and wellness plan intended to
16 provide biometric screening services, chronic condition coaching
17 services, and smoking cessation services.

18 provide for the services, through a contract, of wellness related
19 providers for employees and retirees, and their dependent, enrolled
20 in the program, with access to those service for employers who do
21 not participate in the SEHBP.

22 promote, on an on-going basis, the expansion of the use of
23 patient centered medical homes.

24 seek to adopt, on an on-going basis, efforts and measures to
25 support expanded population health arrangements that manage costs
26 and prevent inappropriate utilization.