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District 19 (Middlesex)
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Co-Sponsored by:
Senators Ruiz, Addiego, T.Kean, Bateman, Thompson, Assemblymen McKeon, Johnson, Danielsen, Assemblywoman Carter, Assemblymen Freiman, Scharfenberger, Assemblywoman Swain, Assemblyman Tully, Assemblywoman Quijano, Assemblyman Bramnick, Assemblywomen N. Munoz, Dunn and Assemblyman Greenwald

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 reported by the Assembly Appropriations Committee on June 25, 2020, with amendments.

(Sponsorship Updated As Of: 6/29/2020)
AN ACT concerning the health care benefits plans provided by the School Employees’ Health Benefits Program and eligible employers that do not participate in the program, and supplementing P.L.2007, c.103 (C.52:14-17.46.1 et seq.) and P.L.1979, c.391 (C.18A:16-12 et seq.).

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. This section shall apply to the School Employees’ Health Benefits Program (SEHBP) and to those employers defined pursuant to section 32 of P.L.2007, c.103 (C.52:14-17.46.2) that participate in the program.
   a. [Notwithstanding the provisions of any other law, rule, or regulation to the contrary, each plan year for the School Employees’ Health Benefits Program shall commence on each July 1 and end on June 30 of the following year, commencing on July 1, 2020 and on each July 1 thereafter.]
   b. (1) Notwithstanding the provisions of any other law, rule, or regulation to the contrary, beginning with the plan year that commences [July 1, 2020] January 1, 2021 and for each plan year thereafter, the School Employees’ Health Benefits Program shall offer only three plans that provide medical and prescription drug benefits for employees, and retirees who are not Medicare-eligible, and their dependents if any. All other plans offered prior to [July 1, 2020] January 1, 2021 for employees, and retirees who are not Medicare-eligible, and their dependents if any, shall be terminated. The three plans shall be the New Jersey Educators Health Plan as developed by the School Employees’ Health Benefits Plan Design Committee in accordance with subsection [g.] f. of this section which sets forth the plan design of the New Jersey Educators Health Plan; the SEHBP NJ Direct 10 plan as adopted and implemented by the School Employees’ Health Benefits Commission for the plan year that began January 1, 2020; and the SEHBP NJ Direct 15 plan as adopted and implemented by the School Employees’ Health Benefits Commission for the plan year that began January 1, 2020.
   (2) Employers that participate in the School Employees’ Health Benefits Program shall retain the ability to enter the program for medical only plans and may separately purchase pharmacy and dental benefits outside of the program without limitation or restriction.

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

Matter underlined thus is new matter.
Matter enclosed in superscript numerals has been adopted as follows:
1Assembly AAP committee amendments adopted June 25, 2020.
effective date of this act, P.L. , c. (pending before the
Legislature as this bill), that provides for enrollment in other plans
that were offered by the program prior to [July 1, 2020] January 1,
2021.

may delay the date of implementation of plan offerings, plan
terminations, and enrollments as set forth in this section until a date
after July 1, 2020, but not later than August 1, 2020, if the
commission deems the delay to be necessary. The commission may
delay implementation until a date, as soon as possible, after July 1,
2020 by which date the commission determines that implementation
will be practicable. The commission shall state in writing the
reasons for the delay. Under no circumstances shall implementation
occur later than August 1, 2020.

c. b. Prior to [July 1, 2020] January 1, 2021, the
program, through the Division of Pensions and Benefits in the
Department of the Treasury, shall provide for [a special] an
enrollment period during which all employees who commenced
employment prior to the effective date of this act shall be required
to select affirmatively one of the three plans specified in subsection
b. of this section. If an employee fails to select affirmatively
a plan during this [special] enrollment period, the program shall
enroll the employee, and the employee’s dependents if any, in the
New Jersey Educators Health Plan for the plan year beginning
July 1, 2020 and ending June 30, 2021. During the
[special] enrollment period, any person who is
enrolled in a plan offered by the program and who is paying the full
cost of health care benefits coverage shall also be required to select
affirmatively one of the three plans specified in subsection b. of this section. If a person fails to select affirmatively a plan during
this [special] enrollment period, the program shall enroll the
person, and the person’s dependents if any, in the New Jersey
Educators Health Plan for the plan year beginning July 1, 2020
and ending June 30, 2021. Any such person shall continue to pay the full cost of
coverage and shall not be subject to the contribution schedule or
any mandatory enrollment period as set forth in this section and
section 2 of this act.

d. (1) Beginning on January 1, 2021, an
employee commencing employment on or after [July 1, 2020] the
effective date of this act but before [July 1, 2027] January 1,
2028 who does not waive coverage shall be enrolled by the
program, with the employee’s dependents if any, in the New Jersey
Educators Health Plan, or the Garden State Health Plan if selected
by the employee. The employee shall remain enrolled in [that
plan] either the New Jersey Educators Health Plan or the Garden State Health Plan selected by the employee at the annual open enrollment for each plan year through the plan year that ends December 31, 2027, provided that the employee during this period may waive coverage as an employee and select and change the type of coverage received under the plan following a qualifying life event, in accordance with the program regulations.

For the plan year beginning January 1, 2028, the employee may select, during any open enrollment period or at such other times or under such conditions as the program may provide, any plan offered by the program.

(2) For the plan year beginning January 1, 2020, the program shall enroll a retiree who is not Medicare-eligible, and the retiree’s dependents if any, in the New Jersey Educators Health Plan for health care benefits coverage as a retiree, if the retiree does not waive coverage. The retiree shall remain enrolled in that plan for each plan year through the plan year that ends December 31, 2027 or until the retiree becomes eligible for Medicare, whichever comes first. The retiree who becomes eligible for Medicare shall no longer be eligible for enrollment in the New Jersey Educators Health Plan, except that any dependent of the retiree who is not eligible for Medicare may remain eligible for coverage under the New Jersey Educators Health Plan. For the plan year beginning January 1, 2028, that retiree who is not Medicare-eligible may select, during any open enrollment period or at such other times or under such conditions as the program may provide, any plan offered by the program.

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

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

The Garden State Health Plan shall provide medical and prescription drug benefits that are equivalent to the level of medical and prescription drug benefits provided by the New Jersey Educators Health Plan, except that the benefits under the Garden State Health Plan shall be available only from providers located in the State of New Jersey.
Access to a service provider that is located outside of the State shall be available only under such terms, conditions, restrictions, and limitations as the plan design committee or the division, as appropriate, shall provide in the plan governing documents.

Employers that participate in the School Employees’ Health Benefits Program shall retain the ability to enter the program for medical only plans and may separately purchase pharmacy and dental benefits outside of the program without limitation or restriction.

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

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

Modifications to plan design of the plans set forth in this section made by the School Employees’ Health Benefits Plan Design Committee or the State Treasurer pursuant to section 7 of this act shall be implemented by the program for the purposes of this section commencing January 1, 2024.

The benefits in plan design of the New Jersey Educators Health Plan shall include the following:

<table>
<thead>
<tr>
<th>Coverage</th>
<th>10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member Coinsurance:</td>
<td>Applies Only to Emergency Transportation Care and Durable Medical Equipment</td>
</tr>
<tr>
<td>Deductible:</td>
<td>N/A</td>
</tr>
<tr>
<td>Out-of-Pocket Maximum:</td>
<td>$500 Single/ $1,000 Family</td>
</tr>
</tbody>
</table>

(covers all in network copayments, coinsurance,
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: ¹[PBM’s]¹ Closed Formulary ¹as contracted with the Pharmacy Benefit Manager and the School Employees’ Health Benefits Commission¹
Other

Chiropractic, Physical Therapy, and Acupuncture: Subject to the same Out-of-Network Limits as for the State Health Benefits Program as were in effect on June 1, 2020 to take effect as of April 1, 2020, or as soon thereafter as reasonably practicable.

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 in accordance with plan rules and regulations.

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 were in effect on June 1, 2020 to take effect as of April 1, 2020 or as soon thereafter as reasonably practicable.

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, including any cost of living adjustments to that allowance. The contribution shall be withheld by the employer from the salary of the employee or by the retirement system from the retirement allowance, including any cost of living adjustments to that allowance of the retiree who is not Medicare-eligible. The percent to be contributed shall be as follows with the retirement allowance including any cost of living adjustments to that allowance:

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) Coverage; 4.4% for Employee and Spouse Coverage; and 5% for Family Coverage

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

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

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

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

b. 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 Garden State Health Plan offered by the School Employees’ Health Benefits Program an amount equal to a percentage of the employee’s annual salary or retiree’s annual retirement allowance, including any cost of living adjustments to
that allowance. The contribution shall be withheld by the employer from the salary of the employee or by the retirement system from the retirement allowance, including any cost of living adjustments to that allowance, of the retiree who is not Medicare-eligible. The percent to be contributed shall be one-half of the percentage set forth in subsection a. of this section for the salary or retirement allowance range and type of coverage, except that the contribution specified in this subsection shall not be less than the minimum annual contribution for health care benefits coverage of 1.5% of salary or retirement allowance, including any cost of living adjustments to that allowance, as required by law.

c. (1) An employee enrolled in the New Jersey Educators Health Plan or the Garden State Health Plan shall be required to pay only the contribution specified in subsection a. or b. of this section, notwithstanding any other provision of law, rule, or regulation to the contrary requiring contributions by employees toward the cost of health care benefits coverage under the program, except as provided in subsection b. of this section. No other contribution may be required by collective negotiations agreement, except as set forth in subsection h. of this section.

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

d. Employees who are not enrolled in the New Jersey Educators Health Plan or the Garden State Health Plan shall continue, after the effective date of this act, P.L. , c. (pending before the Legislature as this bill), to contribute to health care benefits coverage and those contributions shall be determined in accordance with what is permitted or required by provisions of law. An employee who is enrolled in a plan other than the New Jersey Educators Health Plan or the Garden State Health Plan shall be required to contribute toward the cost of health care benefits
coverage under the program (a) in accordance with a collective
negotiations agreement applicable to that employee as negotiated
prior to or after the effective date of this act, P.L. , c. (pending
before the Legislature as this bill), pursuant to the requirements that
were set forth in law on the day next preceding that effective date;
(b) as may be required at the discretion of the employer; or (c) as
required by a provision of law, whichever is applicable to that
employee.

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

e. For an employee, the annual base salary paid by the
employer for the position held by the employee shall be used to
identify the percentage to be used to calculate the annual
contribution required under subsections a. and b. of section 2 of this
act. For a retiree who is not Medicare-eligible, the annual
retirement allowance, including any cost of living adjustments to
that allowance, received by the retiree shall be used to identify the
percentage to be used to calculate the annual contribution required
under subsections a. and b. of section 2 of this act.

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

g. The contributions required by this section shall apply to
employees for whom the employer has assumed a health care
benefits payment obligation, to require that such employees pay the
amount of contribution specified in this section for health care
benefits coverage. The contributions required by this section shall
apply to retirees for whom the State has assumed a health care
benefits payment obligation but who are required by law to
contribute toward the cost of health care benefits coverage under
the program, to require that such retirees pay the amount of
h. For the plan year that commences on [July 1, 2027] January 1, 2028 and for each plan year thereafter, the contributions required pursuant to subsections a. and b. of this section for employees enrolled in the New Jersey Educators Health Plan or the Garden State Health Plan may be modified through collective negotiations agreements entered into between the employers who participate in the School Employees’ Health Benefits Program and their employees. The contributions required pursuant to subsections a. and b. of this section shall become part of the parties’ collective negotiations and shall then be subject to collective negotiations in a manner similar to other negotiable items between the parties. Negotiations concerning contributions for health care benefits shall be conducted as if the contributions required pursuant to subsections a. and b. of this section were included in the prior contract. The contribution scheme of percentage of base salary set forth in those subsections may be modified or a new contribution scheme or method other than a percentage of salary may be provided for in accordance with a collective negotiations agreement.

i. Modifications to the contribution rates set forth in this section made by the School Employees’ Health Benefits Plan Design Committee or the State Treasurer pursuant to section 7 of this act shall be implemented by the program for the purposes of this section commencing January 1, 2024.

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

b. The School Employees’ Health Benefits Plan Design Committee shall develop a comprehensive health and wellness plan intended to provide biometric screening services, chronic condition coaching services, and smoking cessation services shall be available to all members of the School Employees’ Health Benefits Program, including all members of the New Jersey Educators Health Plan and the Garden State Health Plan.

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

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

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

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

4. For employees and retirees who are not Medicare-eligible who are required to make a contribution pursuant to subsection a. or b. of section 2, or subsection d. of section 5, of this act, P.L. , c. (C. )(pending before the Legislature as this bill), due to enrollment in the New Jersey Educators Health Plan or the Garden State Health Plan, or the equivalent plan, as appropriate, a calculation shall be made in accordance with this section. The employee or retiree shall be required to contribute the lesser of: the amount calculated for that employee or retiree in accordance with subsection a. or b. of section 2, or in accordance subsection d. of section 5, of this act, as appropriate; or the amount calculated for that employee or retiree in accordance with this section.

for family coverage or its equivalent -

an employee or retiree who earns less than $25,000 shall pay 3 percent of the cost of coverage;
an employee or retiree who earns $25,000 or more but less than $30,000 shall pay 4 percent of the cost of coverage;
an employee or retiree who earns $30,000 or more but less than $35,000 shall pay 5 percent of the cost of coverage;
an employee or retiree who earns $35,000 or more but less than $40,000 shall pay 6 percent of the cost of coverage;
an employee or retiree who earns $40,000 or more but less than $45,000 shall pay 7 percent of the cost of coverage;
an employee or retiree who earns $45,000 or more but less than $50,000 shall pay 9 percent of the cost of coverage;
an employee or retiree who earns $50,000 or more but less than $55,000 shall pay 12 percent of the cost of coverage;
an employee or retiree who earns $55,000 or more but less than $60,000 shall pay 14 percent of the cost of coverage;
an employee or retiree who earns $60,000 or more but less than $65,000 shall pay 17 percent of the cost of coverage;
an employee or retiree who earns $65,000 or more but less than $70,000 shall pay 19 percent of the cost of coverage;
an employee or retiree who earns $70,000 or more but less than $75,000 shall pay 22 percent of the cost of coverage;
an employee or retiree who earns $75,000 or more but less than $80,000 shall pay 23 percent of the cost of coverage;
an employee or retiree who earns $80,000 or more but less than $85,000 shall pay 24 percent of the cost of coverage;
an employee or retiree who earns $85,000 or more but less than $90,000 shall pay 26 percent of the cost of coverage;
an employee or retiree who earns $90,000 or more but less than $95,000 shall pay 28 percent of the cost of coverage;
an employee or retiree who earns $95,000 or more but less than $100,000 shall pay 29 percent of the cost of coverage;
an employee or retiree who earns $100,000 or more but less than $110,000 shall pay 35 percent of the cost of coverage

for individual coverage or its equivalent -
an employee or retiree who earns less than $20,000 shall pay 4.5 percent of the cost of coverage;
an employee or retiree who earns $20,000 or more but less than $25,000 shall pay 5.5 percent of the cost of coverage;
an employee or retiree who earns $25,000 or more but less than $30,000 shall pay 7.5 percent of the cost of coverage;
an employee or retiree who earns $30,000 or more but less than $35,000 shall pay 10 percent of the cost of coverage;
an employee or retiree who earns $35,000 or more but less than $40,000 shall pay 11 percent of the cost of coverage;
an employee or retiree who earns $40,000 or more but less than $45,000 shall pay 12 percent of the cost of coverage;
an employee or retiree who earns $45,000 or more but less than $50,000 shall pay 14 percent of the cost of coverage;
an employee or retiree who earns $50,000 or more but less than $55,000 shall pay 20 percent of the cost of coverage;
an employee or retiree who earns $55,000 or more but less than $60,000 shall pay 23 percent of the cost of coverage;
an employee or retiree who earns $60,000 or more but less than $65,000 shall pay 27 percent of the cost of coverage;
an employee or retiree who earns $65,000 or more but less than $70,000 shall pay 29 percent of the cost of coverage;
an employee or retiree who earns $70,000 or more but less than $75,000 shall pay 32 percent of the cost of coverage;

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

an employee or retiree who earns $80,000 or more but less than $95,000 shall pay 34 percent of the cost of coverage;

an employee or retiree who earns $95,000 or more shall pay 35 percent of the cost of coverage;

for member with child or spouse coverage or its equivalent -

an employee or retiree who earns less than $25,000 shall pay 3.5 percent of the cost of coverage;

an employee or retiree who earns $25,000 or more but less than $30,000 shall pay 4.5 percent of the cost of coverage;

an employee or retiree who earns $30,000 or more but less than $35,000 shall pay 6 percent of the cost of coverage;

an employee or retiree who earns $35,000 or more but less than $40,000 shall pay 7 percent of the cost of coverage;

an employee or retiree who earns $40,000 or more but less than $45,000 shall pay 8 percent of the cost of coverage;

an employee or retiree who earns $45,000 or more but less than $50,000 shall pay 10 percent of the cost of coverage;

an employee or retiree who earns $50,000 or more but less than $55,000 shall pay 15 percent of the cost of coverage;

an employee or retiree who earns $55,000 or more but less than $60,000 shall pay 17 percent of the cost of coverage;

an employee or retiree who earns $60,000 or more but less than $65,000 shall pay 21 percent of the cost of coverage;

an employee or retiree who earns $65,000 or more but less than $70,000 shall pay 23 percent of the cost of coverage;

an employee or retiree who earns $70,000 or more but less than $75,000 shall pay 26 percent of the cost of coverage;

an employee or retiree who earns $75,000 or more but less than $80,000 shall pay 27 percent of the cost of coverage;

an employee or retiree who earns $80,000 or more but less than $85,000 shall pay 28 percent of the cost of coverage;

an employee or retiree who earns $85,000 or more but less than $100,000 shall pay 30 percent of the cost of coverage.

an employee or retiree who earns $100,000 or more shall pay 35 percent of the cost of coverage.

The annual base salary of an employee shall be used to determine what the employee earns for the purpose of determining the percent of the cost of coverage. The annual retirement allowance, including any cost of living adjustments to that allowance, of a retiree who is not Medicare-eligible shall be used to determine what the retiree earns for the purpose of determining the percent of the cost of coverage.
As used in this section, "cost of coverage" means the premium or periodic charges for medical and prescription drug plan coverage, but not for dental, vision, or other health care, provided: (1) under the New Jersey Educators Health Plan or the Garden State Health Plan offered by the School Employees' Health Benefits Program pursuant to section 1 of P.L. , c. (pending before the Legislature as this bill); or (2) under the equivalent New Jersey Educators Health Plan or the equivalent Garden State Health Plan offered by an employer pursuant to section 5 of P.L. c. (pending before the Legislature as this bill) when that employer is not a participant in the School Employees' Health Benefits Program.

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

a. (1) Notwithstanding the provisions of any other law, rule, or regulation to the contrary, beginning [July 1, 2020] January 1, 2021 and for each plan year thereafter, a board of education as an employer providing health care benefits coverage for its employees, and their dependents if any, in accordance with P.L.1979, c.391 (C.18A:16-12 et seq.) shall offer to its employees, and their dependents if any, the equivalent of the New Jersey Educators Health Plan in the School Employees' Health Benefits Program as that plan is described in subsection f. of section 1 of P.L. , c. (pending before the Legislature as this bill).

Beginning July 1, 2021 and for each plan year thereafter, a board of education as an employer providing health care benefits coverage for its employees, and their dependents if any, in accordance with P.L.1979, c.391 (C.18A:16-12 et seq.) shall also offer a plan for its employees, and their dependents if any, that is the equivalent of the Garden State Health Plan in the School Employees' Health Benefits Program.

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

No new health care benefits plans, other than those specified in paragraph (1) of this subsection, shall be added by the employer from [July 1, 2020 through June 30, 2027] January 1, 2021 through December 31, 2027 unless the provisions of any collective negotiations agreement entered into before or after the effective date of this act, P.L. , c. (pending before the Legislature as this bill), result in additional premium cost reductions. Nothing in this section shall prohibit an employer from offering health care benefits plans that existed prior to the effective date of this act.
(3) Commencing [July 1, 2027] January 1, 2028, the employer may offer such other plans as may be required in accordance with any collective negotiations agreement between the employer and its employees.

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

b. Prior to [July 1, 2020] January 1, 2021, each employer shall provide [a special] an enrollment period during which all employees [who commenced employment prior to the effective date of this act] shall be required to select affirmatively a plan provided by the employer. If an employee fails to select affirmatively a plan during this [special] enrollment period, the employer shall enroll the employee, and the employee’s dependents if any, in the equivalent New Jersey Educators Health Plan [offered pursuant to subsection a. of this section] for the year [July 1, 2020 until June 30, 2021] January 1, 2021 until December 31, 2021.

During the [special] enrollment period, each person who is enrolled in a plan offered by the employer and who is paying the full cost of coverage shall also be required to select affirmatively a plan provided by the employer. If a person fails to select affirmatively a plan during this [special] enrollment period, the employer shall enroll the person, and the person’s dependents if any, in the equivalent New Jersey Educators Health Plan [offered pursuant to subsection a. of this section] for the year [July 1, 2020 until June 30, 2021] January 1, 2021 until December 31, 2021. Any such person shall continue to pay the full cost of coverage and shall not be subject to the contribution schedule or any mandatory enrollment period as set forth in this section.

c. (1) [An] Beginning on January 1, 2021, an employee commencing employment on or after [July 1, 2020] the effective date of this act but before [July 1, 2027] January 1, 2028 who does not waive coverage, shall be enrolled by the employer in the equivalent New Jersey Educators Health Plan [offered pursuant to subsection a. of this section], or the equivalent Garden State Health Plan if selected by the employee, as those plans are offered pursuant to subsection a. of this section. The employee shall remain enrolled in [that plan] either the equivalent New Jersey Educators Health Plan or the equivalent Garden State Health Plan selected by the employee at the annual open
enrollment for each plan year until [June 30, 2027] December 31, 2027, provided that the employee during this period may waive coverage as an employee and select and change the type of coverage received under the plan following a qualifying life event, in accordance with the plan regulations. Beginning [July 1, 2027] January 1, 2028, the employee may select, during any open enrollment period or at such other times or under such conditions as the employer may provide, any plan offered by the employer.

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

d. An employee shall contribute annually toward the cost of health care benefits coverage for the employee, and employee’s dependents if any, the amount specified, in the manner specified, in subsection a. or b. of section 2 of this act, P.L. , c. (C. ) (pending before the Legislature as this bill) if the employee, and the employee’s dependents if any, are enrolled in the equivalent New Jersey Educators Health Plan or the equivalent Garden State Health Plan offered pursuant to subsection a. of this section. An employee’s contribution toward the cost of coverage under the equivalent Garden State Health Plan offered pursuant to subsection a. of this section shall be the amount required in subsection b. of section 2 of this act, except that the contribution specified in that subsection shall not be less than the minimum annual contribution for health care benefits coverage of 1.5% of salary as required by law.

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

(2) Employees who are not enrolled in the equivalent New Jersey Educators Health Plan or the equivalent Garden State Health Plan offered pursuant to subsection a. of this section shall continue, after the effective date of this act, P.L. , c. (pending before the Legislature as this bill), to contribute to health care benefits coverage and those contributions shall be determined in accordance with what is permitted or required by provisions of law. An employee who is enrolled in a plan other than the equivalent New Jersey Educators Health Plan or the equivalent Garden State Health Plan offered pursuant to subsection a. of this section shall
be required to contribute toward the cost of health care benefits
coverage offered by the employer (a) in accordance with a
collective negotiations agreement applicable to that employee as
negotiated prior to or after the effective date of this act pursuant to
the requirements that were set forth in law on the day next
preceding that effective date; (b) as may be required at the
discretion of the employer; or (c) as required by a provision of law,
whichever is applicable to that employee.

With regard to contributions by an employee who is enrolled in a
plan other than the equivalent New Jersey Educators Health Plan or
the equivalent Garden State Health Plan ¹offered pursuant to
subsection a. of this section¹, no provision in this section shall be
deemed to modify, alter, impair, or terminate the requirement in
sections 77 and 78 of P.L.2011, c.78 (C.18A:16-17.2 and C.52:14-
17.28e), as applicable, that a public employer and employees who
are in negotiations for the collective negotiations agreement to be
executed after the employees in that unit had reached full
implementation of the premium share set forth in section 39 of
P.L.2011, c.78 (C.52:14-17.28c) shall conduct negotiations
concerning contributions for health care benefits as if the full
premium share was included in the prior contract. Nothing in this
act shall be deemed to modify, alter, impair, or terminate the
continued compliance after the effective date of this act with that
requirement for negotiations for any collective negotiations
agreement for employee contributions for plans other than the
equivalent New Jersey Educators Health Plan or the equivalent
Garden State Health Plan ¹offered pursuant to subsection a. of this
section¹.

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

(b) The annual contribution by an employee as calculated in
accordance with subsection a. or b. of section 2 of this act shall not
exceed the amount as calculated in accordance with section 4 of this
act.

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

(h) The level of benefits in the equivalent New Jersey Educators
Health Plan and the equivalent Garden State Health Plan offered by
the employer shall remain unchanged until ¹June 30, 2027¹
December 31, 2027¹. No change in the level of benefits in those
plans shall be made before that date unless such a change is
required by federal or State law to governmental health care
benefits plans or to both governmental and non-governmental health
care benefits plans.

Commencing [July 1, 2027] January 1, 2028 and for each plan
year thereafter, the level of benefits in the equivalent New Jersey
Educators Health Plan and the equivalent Garden State Health Plan
offered by the employer may be modified by the employer in
accordance with collective negotiations agreements entered into
between the employers who do not participate in the School
Employees’ Health Benefits Program and their employees, or as
otherwise permitted by law.

i. Commencing [July 1, 2027] January 1, 2028 and for each
plan thereafter, the contributions required pursuant to subsections a.
and b. of section 2 of this act for employees enrolled in the
equivalent New Jersey Educators Health Plan or the equivalent
Garden State Health Plan offered pursuant to subsection a. of this
section may be modified in accordance with collective negotiations
agreements entered into between the employers who do
not participate in the School Employees’ Health Benefits Program
and their employees. The contributions required pursuant to
subsections a. and b. of section 2 of this act shall become part of the
parties’ collective negotiations and shall then be subject to
collective negotiations in a manner similar to other negotiable items
between the parties. Negotiations concerning contributions for
health care benefits shall be conducted as if the contributions
required pursuant to subsections a. and b. of section 2 of this act
were included in the prior contract. The contribution scheme of the
percentage of base salary set forth in those subsections may be
modified or a new contribution scheme or method other than a
percentage of salary may be provided for in accordance with a
collective negotiations agreement.

j. Modifications to plan design of the plans set forth in section
1 of this act, P.L. , c. (C.) (pending before the Legislature as
this bill), or adjustments to the employee contribution rates set forth
in subsections a. and b. of section 2 of this act, made by the School
Employees’ Health Benefits Plan Design Committee or the State
Treasurer pursuant to section 7 of this act shall be implemented for
the purposes of this section by the employer commencing January
1, 2024.

k. This section shall also apply also when health care benefits
coverage is provided though an insurance fund or joint insurance
fund or any other manner. This section shall apply to any
employer, as that term is defined in section 32 of P.L.2007, c.103
(C.52:14-17.46.2), that is not a participating employer in the School
Employees’ Health Benefits Program.
6. a. Actual savings realized by a school district as a result of the implementation of the provisions of P.L. ,
c. (C. ) (pending before the Legislature as this bill) shall be used solely and exclusively by the school district for the purpose of reducing the amount that is required to be raised by the local property tax levy by the school district for school district purposes, except when a school district is spending below adequacy as calculated in accordance with section 1 of P.L.2018, c.67 (C.18A:7F-70).

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

b. To enable tracking of health care cost savings by school districts, each school district shall submit an annual data sheet for both the current and prior year showing the Total Annual Cost of Health Benefits for Active Employees, the Total Employee Cost-Sharing Contribution, and the Net Cost to the School District for Health Benefits, including the Number of Covered Employees, the Annual Cost Estimate Per Employee, and the Total Cost for each coverage category – Single Coverage, Parent and Child, Employee and Spouse, and Family.

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

7. Within 30 calendar days after June 30, 2023, the State’s actuary for the School Employees’ Health Benefits Program shall issue an actuarial report validating a net annualized savings of at least $300 million comparing plan year 2020, 2021, and 2022 that shall measure the implementation of the New Jersey Educators Plan and Garden State Health Plan, and the SEHBP NJ Direct 10 and the SEHBP NJ Direct 15 plans, provided by those school districts and county colleges both that participate and that do not participate in the School Employees’ Health Benefits Program, inclusive of pre-Medicare retirees paid for by the State and the value of early plan design changes implemented in Fiscal Year 2020.

In the event that the net annualized savings Statewide were less than $300 million, the School Employees’ Health Benefits Plan Design Committee shall, within 60 days from the issuance of the actuary’s report, make plan design changes, or adjustments to
employee contributions, or both, for the New Jersey Educators
Health Plan, or the Garden State Health Plan, or both, or also plan
design changes to the SEHBP NJ Direct 10 or SEHBP NJ Direct 15
plans, or both, to make up the estimated shortfall over the
remaining duration of the period covered by this act, P.L.     ,
c. (C.      )(pending before the Legislature as this bill), ending
December 31, 2027.

In the event that the committee is unable to agree upon the
needed plan design changes or adjustments to employee
contributions, or both, within the 60-day period to achieve the $300
million in net annualized savings, the State Treasurer shall construct
and implement, within 45 days, plan design changes or adjustments
to employee contributions, or both, necessary to achieve the
savings, as validated by the State’s actuary for the program, and
implement such changes and adjustments.

In the event there is a shortfall, the committee or the State
Treasurer shall have a resolution for any shortfall no later than
October 1, 2023 for implementation for January 1, 2024.

No monies from the claims stabilization reserve fund or
equivalent fund established or maintained for the School
Employees’ Health Benefits Program to pay incurred claims that
have not yet been settled, shall be used for the actuary’s
calculations required by this section.¹

³8. With regard to employers that have collective negotiation
agreements in effect on the effective date of this act, P.L.     ,
c. (pending before the Legislature as this bill), that include
health care benefits coverage available to employees when the net
cost to the employer is lower than the cost to the employer would be
compared to the New Jersey Educators Health Plan, the employer
and the majority representative shall engage in collective
negotiations over the financial impact of the difference.¹

¹[7.] ²¹ This act shall take effect immediately.