

ASSEMBLY, No. 1600

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 29, 1996

By Assemblywoman MURPHY, Assemblymen KAVANAUGH,
Lance, Augustine, Gregg and Blee

1 AN ACT concerning the State Health Benefits Program for certain
2 employers other than the State and certain other benefits for public
3 employees and supplementing Title 52 of the Revised Statutes.

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

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8 1. Notwithstanding the provisions of any other law to the contrary,
9 the obligations of any employer other than the State, as defined in
10 section 4 of P.L.1964, c.125 (C.52:14-17.35), other than an
11 independent State authority, board, commission, corporation, agency,
12 or organization, to pay the premium or periodic charges for health
13 benefits coverage provided under P.L.1961, c.49 (C.52:14-17.25 et
14 seq.) may be determined by means of a binding collective negotiations
15 agreement, including any agreements in force at the time of the
16 adoption of P.L. , c. (now pending before the Legislature as this
17 bill). With respect to employees of such employers for whom there is
18 no majority representative for collective negotiations purposes, the
19 employer may, in its sole discretion, modify the respective payment
20 obligations set forth in P.L.1964, c.125 for such employer and such
21 employees in a manner consistent with the terms of any collective
22 negotiations agreement binding on the employer. Employees of any
23 such employer shall have the opportunity to adjust their coverage
24 under the available health care plans during an annual open enrollment
25 period or a special open enrollment period, as appropriate, before any
26 change in the respective obligations for the employer and its
27 employees to pay the premium or periodic charges for health benefits
28 coverage takes effect.

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30 2. Notwithstanding the provisions of any other law to the contrary,
31 the governing body of a local unit of government, a school district, or
32 an independent local public authority, board, commission, corporation,
33 agency or organization may establish as an employer a cafeteria plan
34 for its employees pursuant to section 125 of the federal Internal
35 Revenue Code, 26 U.S.C. §125. The plan may provide for a reduction
36 in an employee's salary, through payroll deductions or otherwise, in

1 exchange for payment by the employer of medical or dental expenses
2 not covered by a health benefits plan, and dependent care expenses as
3 provided in section 129 of the code, 26 U.S.C. §129, and such other
4 benefits as are consistent with section 125 which are included under
5 the plan. The amount of any reduction in an employee's salary for the
6 purpose of contributing to the plan shall continue to be treated as
7 regular compensation for all other purposes, including the calculation
8 of pension contributions and the amount of any retirement allowance,
9 but, to the extent permitted by the federal Internal Revenue Code,
10 shall not be included in the computation of federal taxes withheld from
11 the employee's salary.

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13 3. This act shall take effect immediately.

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STATEMENT

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18 This bill allows employers other than the State (other than an
19 independent State authority, board, commission, corporation, agency,
20 or organization) to modify the employer and employee obligations to
21 pay for health benefits coverage under the State Health Benefits
22 Program (SHBP) in accordance with the terms of a binding collective
23 negotiations agreement. SHBP benefits with regard to covered
24 services remain unchanged.

25 The bill provides that the obligations of any such employer to pay
26 the premium or periodic charges for health benefits coverage under the
27 SHBP may be determined by means of a binding collective
28 negotiations agreement, including any agreements in force at the time
29 of the adoption this bill. With respect to employees of such employers
30 for whom there is no majority representative for collective
31 negotiations purposes, the employer may, in its sole discretion, modify
32 the respective SHBP payment obligations for such employer and such
33 employees in a manner consistent with the terms of any collective
34 negotiations agreement binding on the employer. Employees shall
35 have the opportunity to adjust their coverage under the available
36 health care plans during an annual open enrollment period or a special
37 open enrollment period before any change in the employer-employee
38 obligations to pay the charges for SHBP coverage takes effect.

39 The definition of "employer" includes a county, municipality, school
40 district, or a public agency or organization which operates public
41 works or is engaged in service to the public for one or more
42 municipalities, local boards of health, or counties and whose revenue
43 is not derived from State funds.

44 The bill also allows local public employers to establish a cafeteria
45 plan for their employees pursuant to section 125 of the Internal
46 Revenue Code to provide for a reduction in an employee's salary in

1 exchange for payment by the employer of any required employee
2 contribution for SHBP coverage, medical or dental expenses not
3 covered by SHBP, or dependent care expenses. The amount of any
4 reduction in an employee's salary for the purpose of contributing to the
5 plan shall continue to be treated as regular compensation for all other
6 purposes, including the calculation of pension contributions and the
7 amount of any retirement allowance, but, to the extent permitted by
8 the Internal Revenue Code, shall not be included in the computation
9 of federal taxes withheld from the employee's salary.

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14 Allows certain public employers other than State to change employer-
15 employee SHBP contribution obligations in accordance with union
16 contracts and to establish cafeteria plans for employees under section
17 125 of Internal Revenue Code.