

ASSEMBLY, No. 1693

STATE OF NEW JERSEY

INTRODUCED MARCH 4, 1996

By Assemblymen ROCCO and DORIA

1 AN ACT allowing independent institutions of higher education to
2 participate in the State Health Benefits Program, amending the title
3 and body of P.L.1961, c.49 and amending and supplementing
4 P.L.1964, c.125.

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

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9 1. (New section) The Legislature finds and declares that New
10 Jersey's independent institutions of higher education:

11 a. comprise an important component of the State's higher education
12 community;

13 b. provide educational opportunities to a substantial number of
14 students who could not be served solely by public colleges and
15 universities;

16 c. promote academic excellence;

17 d. help create a workforce prepared to meet the future; and

18 e. should be able to participate in the State Health Benefits Program
19 since that program offers options and cost efficiencies not generally
20 available to such institutions and thus will enhance their ability to
21 provide quality education at a reasonable price.

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23 2. The title of P.L.1961, c.49 is amended to read as follows:

24 AN ACT concerning hospital, medical, surgical and major medical
25 expense benefits for public and school employees and employees of
26 independent institutions of higher education and providing for the
27 procuring of such benefits.

28 (cf: P.L.1964, c.125, s.1)

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30 3. Section 3 of P.L.1964, c.125 (C.52:14-17.34) is amended to
31 read as follows:

32 3. In order that the New Jersey State Health Benefits Program Act
33 may be extended to include other public and school employees and
34 employees of independent institutions of higher education,

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

Matter underlined thus is new matter.

1 participation by counties, municipalities, school districts, independent
2 institutions of higher education as defined in P.L.1985, c.263
3 (C.52:25-16.5) and public agencies or organizations as defined in
4 section 71 of P.L.1954, c. 84, including the New Jersey Turnpike
5 Authority, the New Jersey Highway Authority, the Interstate
6 Sanitation Commission, the Delaware River Basin Commission, New
7 Jersey Housing Finance Agency, New Jersey Educational Facilities
8 Authority, Hackensack Meadowlands Development Commission and
9 the Compensation Rating and Inspection Bureau, hereinafter defined
10 as employers, is hereby authorized.

11 (cf: P.L.1972, c.75, s.8)

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13 4. Section 4 of P.L.1964, c.125 (C.52:14-17.35) is amended to
14 read as follows:

15 4. As used in this act and in the act to which this act is a
16 supplement:

17 (a) The term "employer" means a county, municipality, school
18 district, independent institution of higher education as defined in
19 P.L.1985, c.263 (C.52:25-16.5), or public agency or organization as
20 defined in section 71 of P.L.1954, c. 84, including the New Jersey
21 Turnpike Authority, the New Jersey Highway Authority, the Interstate
22 Sanitation Commission, the Delaware River Basin Commission, New
23 Jersey Housing Finance Agency, New Jersey Educational Facilities
24 Authority, Hackensack Meadowlands Development Commission and
25 the Compensation Rating and Inspection Bureau.

26 (b) The term "State Treasury" means the State agency responsible
27 for the administration of the New Jersey State Health Benefits
28 Program Act which is to be located in the Division of Pensions and
29 Benefits in the Department of the Treasury.

30 (cf: P.L.1972, c.75, s.9)

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32 5. Section 5 of P.L.1964, c.125 (C.52:14-17.36) is amended to
33 read as follows:

34 5. The commission established by section 3 of chapter 49 of the
35 laws of 1961, is hereby authorized to prescribe rules and regulations
36 satisfactory to the carrier or carriers under which employers may
37 participate in the health benefits program provided by that act. All
38 provisions of that act will, except as expressly stated herein, be
39 construed as to participating employers and to their employees and to
40 dependents of such employees the same as for the State, employees of
41 the State and dependents of such employees, except that participating
42 employers which are independent institutions of higher education shall
43 not be required to offer all of the program options to their employees,
44 but may elect instead to offer such health benefit program option or
45 combination of options as they select.

46 (cf: P.L.1964, c.125, s.5)

1 6. Section 7 of P.L.1964, c.125 (C.52:14-17.38) is amended to
2 read as follows:

3 7. The Division of Pensions and Benefits shall certify to the
4 certifying agent of each employer electing participation under the
5 program the premium rates and periodic charges applicable to the
6 coverage provided for employees and dependents. The participating
7 employer shall remit to the division all contributions to premiums and
8 periodic charges in advance of their due dates, subject to the rules and
9 regulations of the commission.

10 The employer shall reimburse the active employee for his premium
11 charges under Part B of the federal Medicare Program covering the
12 employee and the employee's spouse, except that employers which are
13 independent institutions of higher education shall not be so required.

14 From funds allocated therefor, the employer other than the State
15 may pay the premium or periodic charges for the benefits provided to
16 a retired employee and his dependents covered under the program, if
17 such employee retired from a State or locally-administered retirement
18 system on a benefit based on 25 years or more of service credited in
19 such retirement system, excepting the employee who elected deferred
20 retirement, but including the employee who retired on a disability
21 pension based on fewer years of service credited in such retirement
22 system, and may also reimburse such retired employee for his premium
23 charges under Part B of the federal Medicare Program covering the
24 retired employee and the employee's spouse. "Retired employee and
25 his dependents" may, upon adoption of an appropriate resolution
26 therefor by the participating employer, also include otherwise eligible
27 employees, and their dependents, who retired from a State or
28 locally-administered retirement system prior to the date that the
29 employer became a participating employer in the New Jersey State
30 Health Benefits Program. The term may also, upon adoption of an
31 appropriate resolution therefor by the participating employer, include
32 otherwise eligible employees, and their dependents, who did not elect
33 to continue coverage in the program during such time after the
34 employer became a participating employer that the employer did not
35 pay premium or periodic charges for benefits to retired employees and
36 their dependents pursuant to this section. Eligibility and enrollment of
37 such employees and dependents shall be in accordance with such rules
38 and regulations as may be adopted by the State Health Benefits
39 Commission.

40 The employer other than the State may, by resolution, pay the
41 premium or periodic charges for the benefits provided to the surviving
42 spouse of a retired employee and his dependents covered under the
43 program as provided in this section.

44 An independent institution of higher education shall have the
45 authority to establish its own contribution policy regarding retiree
46 benefits. It shall have the option to pay whatever portion of premiums

1 it deems appropriate for coverage of retirees and their dependents,
2 including the option to make no contribution for coverage of retirees
3 or their dependents. When retirees of an independent institution of
4 higher education are responsible for paying all or a portion of their
5 health program costs, the Division of Pensions and Benefits shall be
6 responsible for collecting premiums from those retirees. When a
7 retiree from an independent institution of higher education has elected
8 not to continue coverage through the independent institution of higher
9 education either before or after the institution's decision to participate
10 in the State Health Benefits Program, nothing in P.L. , c. (C.)
11 (now pending before the Legislature as this bill) shall be construed as
12 giving that retiree the right to coverage under the State Health
13 Benefits Program.

14 (cf: P.L.1987, c.384, s.2)

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16 7. Section 9 of P.L.1964, c.125 (C.52:14-17.40) is amended to
17 read as follows:

18 9. An employee enrolling for dependents coverage shall, at the time
19 of enrollment, authorize the participating employer to withhold, on an
20 advance basis, from his wages or salary the contribution required by
21 such employer for such coverage, which shall not exceed the premium
22 or periodic charge therefor. The remainder of the premiums and
23 periodic charges for employee and dependents coverage shall be paid
24 by the participating employer out of its own funds. An employee who
25 enrolls the employee or the employee's dependents as a result of an
26 employment contract with or through an independent institution of
27 higher education shall, at the time of enrollment, authorize the
28 participating employer to withhold, on an advance basis, from the
29 employee's wages or salary the contribution required by the employer
30 for employee coverage or dependent coverage or both. Employee
31 contributions shall not exceed the premium charges for coverage under
32 the State Health Benefits Program.

33 (cf: P.L.1964, c.125, s.9)

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35 8. Section 8 of P.L.1961, c.49 (C.52:14-17.32) is amended to read
36 as follows:

37 8. a. The basic coverage and the major medical coverage of any
38 employee, and of his dependents, if any, shall cease upon the
39 discontinuance of his term of office or employment or upon cessation
40 of active full-time employment subject to such regulations as may be
41 prescribed by the commission for limited continuance of basic
42 coverage and major medical coverage during disability, part-time
43 employment, leave of absence or lay off, and for continuance of basic
44 coverage and major medical coverage after retirement, any such
45 continuance after retirement to be provided at such rates and under
46 such conditions as shall be prescribed by the commission, subject,

1 however, to the requirements hereinafter set forth in this section. The
2 commission may also establish regulations prescribing an extension of
3 coverage when an employee or dependent is totally disabled at
4 termination of coverage.

5 b. Rates payable by retired employees for themselves and their
6 dependents, by active employees for dependents covered by medicare
7 benefits, and by the State or other employer for an active employee
8 alone covered by medicare benefits, shall be determined on the basis
9 of utilization experience according to classifications determined by the
10 commission, provided, however, that the total rate payable by such
11 retired employee for himself and his dependents, or by such active
12 employee for his dependents and the State or other employer for such
13 active employee alone, for coverage hereunder and for Part B of
14 medicare, shall not exceed by more than 25%, as determined by the
15 commission, the total amount which would have been required to have
16 been paid by him and by the State or other employer for the coverage
17 maintained had he continued in office or active employment and he and
18 his dependents were not eligible for medicare benefits. "Medicare" as
19 used in this act means the coverage provided under Title XVIII of the
20 Social Security Act as amended in 1965, or its successor plan or plans.
21 Nothing in this subsection shall be construed as limiting the power of
22 an independent institution of higher education to require employee and
23 retiree contributions equal to a portion or all of the State Health
24 Benefits Program premium for employees or dependents.

25 c. (1) From funds appropriated therefor, the State shall pay the
26 premium or periodic charges for the benefits provided to a retired
27 State employee and his dependents covered under the program, but
28 not including survivors, if such employee retired from a
29 State-administered retirement system on a benefit based on 25 years
30 or more of service credited in such retirement system, excepting the
31 employee who elected deferred retirement, but including the employee
32 who retired on a disability pension based on fewer years of service
33 credited in such retirement system and shall also reimburse such retired
34 employee for his premium charges under Part B of the federal
35 medicare program covering the retired employee and the employee's
36 spouse. In the case of full-time employees of the Rutgers University
37 Cooperative Extension Service, service credited in the federal Civil
38 Service Retirement System (5 U.S.C. §8331 et seq.) which was earned
39 as a result of full-time employment at Rutgers University, may be
40 considered alone or in combination with service credited in a
41 State-administered retirement system for the purposes of establishing
42 the minimum 25-year service requirement to qualify for the benefits
43 provided in this section. Any full-time employee of the Rutgers
44 University Cooperative Extension Service who meets the eligibility
45 requirements set forth in this amendatory act shall be eligible for the
46 benefits provided in this section, provided that at the time of

1 retirement such employee was covered by the State Health Benefits
2 Program and elected to continue such coverage into retirement.

3 (2) Notwithstanding the provisions of this section to the contrary,
4 from funds appropriated therefor, the State shall pay the premium or
5 periodic charges for the benefits provided to a retired State employee
6 and his dependents covered under the program, but not including
7 survivors, if: (a) the employee retires on or after the effective date of
8 this 1987 amendatory act; (b) the employee was employed by Rutgers
9 University prior to January 2, 1955 and remained in continuous service
10 with Rutgers University until retirement even though the employee (i)
11 did not join a State-administered retirement system, or, (ii) became a
12 member of a State-administered retirement system, but accumulated
13 less than 25 years of credited service; and (c) the employee is covered
14 by the program at the time of retirement.

15 (3) Notwithstanding the provisions of this section to the contrary,
16 in the case of an employee of a State college, as described in chapter
17 64 of Title 18A of the New Jersey Statutes, or of a county college, as
18 defined in N.J.S.18A:64A-1, service credited in a private defined
19 contribution retirement plan which was earned as an employee of an
20 auxiliary organization, as defined in section 2 of P.L.1982, c.16
21 (C.18A:64-27), at a State or county college shall be considered in
22 combination with service credited in a State-administered retirement
23 system for the purposes of establishing the minimum 25-year service
24 requirement to qualify for the benefits provided in this section,
25 provided that the employee is covered by the program at the time of
26 retirement.

27 (cf: P.L.1993, c.28, s.1)

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29 9. This act shall take effect immediately.

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STATEMENT

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34 This bill allows, but does not require, New Jersey's independent
35 institutions of higher education to participate in the State Health
36 Benefits Program.

37 The bill is intended to provide maximum flexibility to these colleges
38 and universities in order to avoid imposing financial burdens on them
39 if they choose to participate in the program. Thus the participating
40 institutions:

41 (1) shall not be required to offer all of the program options but may
42 elect to offer such options as they select; and

43 (2) shall not be required to reimburse the active employee for
44 premium charges under Part B of the federal Medicare program.

45 An independent institution of higher education shall have the
46 authority to establish its own contribution policy regarding retiree

1 benefits. It shall have the option to pay whatever portion of premiums
2 it deems appropriate for coverage of retirees and their dependents,
3 including the option to make no contribution for coverage of retirees
4 or their dependents.

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8 Allows independent institutions of higher education to participate in
9 the State Health Benefits Program.