

# LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

**ASSEMBLY, No. 5825**

## **STATE OF NEW JERSEY 219th LEGISLATURE**

DATED: JUNE 28, 2021

### **SUMMARY**

- Synopsis:** Changes effective date of Garden State Health Plan; exempts certain charter and renaissance schools from certain healthcare plan requirements; requires certain negotiations over certain health care costs.
- Type of Impact:** Indeterminate impact to State and local boards of education.
- Agencies Affected:** School Employees' Health Benefits Program, local boards of education.

#### **Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>
<b>State Impact</b>		Indeterminate	
<b>Local Impact – Boards of Education</b>		Indeterminate	

- The Office of Legislative Services (OLS) concludes that the impact of this bill cannot be determined because information is not available on the estimated cost of the new Garden State Health Plan; number of employees impacted by the bill and their salaries and types of coverage; health care benefits plans and programs provided by local boards of education, charter schools, and renaissance schools to employees and the cost of those plans and programs; the contributions made by those employees for those plans or programs; the results of collective negotiations required by the bill to substantially mitigate the financial impact of P.L.2020, c.44; and how often employer's do not have to pay health care premiums.

### **BILL DESCRIPTION**

This bill changes the effective date of the new Garden State Health Plan for the School Employees' Health Benefits Program and for local education employers, as established by P.L.2020, c.44, from July 1, 2021 to January 1, 2022 to provide additional time to develop the plan and to require an enrollment period. The bill changes the requirement that the Division

of Pensions and Benefits design the Garden State Health Plan if the School Employees' Health Benefits Program plan design committee does not design a plan by December 31, 2020. Instead, the bill permits the division to design the plan.

Under the bill, charter school and renaissance school employers do not have to implement the provisions of P.L.2020, c.44 unless they had a collective negotiation agreement with any of their employees in effect on or after the effective date of P.L.2020, c.44, July 1, 2020.

The bill clarifies that the mandatory enrollment in the New Jersey Educators Health Plan of education employees who commenced employment on or after the effective date of P.L.2020, c.44 does not apply to any education employee who was hired before the effective date of P.L.2020, 44 but did not enroll or was not eligible to enroll at that time in a health care benefits plan offered by the employer.

The bill provides that, for any period of time during which the school district as an employer does not have to pay a premium or periodic charge for any health care benefits plan or program provided to its employees through the School Employees' Health Benefits Program, pursuant to law, or pursuant to a collective bargaining agreement, an employee enrolled in such plan or program will not be required to make the employee's contribution toward that premium or periodic charge during that period of time.

The bill requires a board of education and the majority representative of its employees to engage in collective negotiations to substantially mitigate the financial impact of P.L.2020, c.44 when the net cost, which is the cost after deducting employee contributions, to the employer for health care benefits is lower than the cost to the employer would be compared to the New Jersey Educators Health Plan. Substantial mitigation may include modifications to plan level offerings or contributions for the New Jersey Educators Health Plan or the equivalent plan, or to both plan level offerings and contributions.

The bill also requires any school district with an increase in net cost as a result of the changes in P.L.2020, c.44 to commence negotiations immediately, unless mutually agreed upon by the employer and the majority representative of employees to opt to substantially mitigate the financial impact to the employer as part of the next collective negotiations agreement which may include, but not be limited to, salary increases, step guides, or other terms and conditions of employment.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

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*Section: State Government*

*Analyst: Aggie Szilagyi  
Section Chief*

*Approved: Thomas Koenig  
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).