

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 1256
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: MARCH 24, 2021

SUMMARY

- Synopsis:** Permits inclusion of volunteer firefighters and other emergency responders within municipal eligible employee group for purposes of the small employer health benefits plan statutes.
- Type of Impact:** Indeterminate impact on municipal expenditures.
- Agencies Affected:** Municipalities that utilize volunteer firefighters and other emergency responders.

Office of Legislative Services Estimate

| Fiscal Impact | <u>Year 1</u> | <u>Year 2</u> | <u>Year 3</u> |
|--------------------------|----------------------|----------------------|----------------------|
| Local Cost Impact | Indeterminate | | |

- The Office of Legislative Services (OLS) concludes that the bill would have an indeterminate impact on the expenditures of certain municipalities that utilize volunteer firefighters or emergency responders and participate in the Small Employer Health (SEH) Benefits Program.
- The bill may increase health care costs for any municipality that participates in the SEH Benefits Program but does not provide health care benefits for volunteer firefighters and emergency responders. These municipalities would be expected to incur additional costs associated with the health care coverage of those volunteers.
- However, if any municipality currently participates in the SEH Benefits Program and also provides health care coverage for volunteer firefighters and emergency responders through other means, then the bill may allow the municipality to benefit from reduced health insurance rates for these volunteers and thereby experience cost savings.
- The fiscal impact of the bill is expected to vary depending on (1) whether a municipality currently provides health care coverage for these volunteers, and (2) the number of volunteers for which a participating municipality would be required to provide health care coverage under the bill. Given that the OLS lacks sufficient information concerning each of these conditions, the OLS is unable to quantify the anticipated fiscal impact of the bill.

BILL DESCRIPTION

This bill would resolve an apparent conflict between provisions in chapter 10 of Title 40A of the New Jersey Statutes, which permit municipalities to offer group health insurance benefits to volunteer fire fighters and emergency responders, and provisions in chapter 27A of Title 17B of the New Jersey Statutes regarding small employer health benefits plans. For example, although N.J.S.40A:10-30 authorizes a municipality to provide group health plans to volunteer firefighters, those volunteers are not considered eligible employees under the small employer health benefits plan statutes. This bill would clarify that these volunteers, as well as emergency responders, may be included in the group of eligible employees in municipalities regarded as small employers, and thereby receive coverage under the same group plan.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the bill would have an indeterminate impact on the expenditures of certain municipalities that utilize volunteer firefighters or emergency responders and participate in the SEH Benefits Program. The impact of the bill on municipal health care costs is expected to vary depending on (1) whether a municipality currently provides health care coverage for volunteer firefighters and emergency responders, and (2) the number of volunteers for which a participating municipality would be required to provide health care coverage under the bill. Given that the OLS lacks sufficient information concerning each of these conditions, the OLS is unable to quantify the anticipated fiscal impact of the bill.

Provision of Health Benefits to Volunteer Firefighters and Emergency Responders

Under current law, municipalities are permitted to provide health insurance coverage to volunteer firefighters and other emergency responders that serve the municipality. Although a municipality can provide this coverage through a variety of means, volunteer firefighters and emergency responders currently cannot receive coverage through the SEH Benefits program, given that these volunteers do not meet the definition of “eligible employee” as defined in Title 17B of the New Jersey Statutes. The bill removes this exclusion and requires that volunteer firefighters and emergency responders are included in the definition of “eligible employee” in the SEH program.

Consequently, the bill may result in increased health care costs for any municipality that currently participates in the SEH Benefits Program, but does not provide health care benefits for volunteer firefighters and emergency responders that service the municipality. Assuming that these municipalities continue to qualify for the SEH Benefits Program, each municipality would be required to incur additional costs associated with the health care coverage of those volunteers.

Due to information constraints, the OLS is unable to identify (1) the number of municipalities that would be required to provide health care coverage for volunteer firefighters and emergency responders through the SEH Benefits Program, and (2) the amount of the increased health care costs incurred by any such municipality. Municipalities that rely on a larger number of volunteer

firefighters and emergency responders are expected to incur larger cost increases compared to those municipalities with fewer volunteers.

Conversely, the bill could also result in decreased health care costs for certain municipalities that (1) provide health care coverage for municipal employees through the SEH Benefits Program, and (2) provide health care coverage for volunteer firefighters and emergency responders through other means. In this situation, municipalities may benefit from reduced health insurance rates for these volunteers through the SEH Benefits Program compared to the individual or group health insurance marketplace, thereby reducing total health care costs. However, the OLS lacks sufficient information to identify the number of municipalities that could experience cost savings as a result of the bill.

Section: Local Government

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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.).