

P.L. 2020, CHAPTER 137, *approved December 18, 2020*

Assembly, No. 4905

1 **AN ACT** concerning the health care benefit plans provided by health
2 insurers to local boards of education and eligible employers who
3 do not participate in the School Employees' Health Benefits
4 Program and amending P.L.2020, c.44.

5

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

8

9 1. Section 2 of P.L.2020, c.44 (C.52:14-17.46.14) is amended to
10 read as follows:

11 2. a. Each employee, and retiree who is not Medicare-eligible
12 and who is required by another provision of law to contribute in
13 retirement toward the cost of health care benefits coverage under the
14 program, shall contribute annually toward the cost of health care
15 benefits coverage for the employee and retiree, and dependents if
16 any, under the New Jersey Educators Health Plan offered by the
17 School Employees' Health Benefits Program an amount equal to a
18 percentage of the employee's annual base salary or retiree's annual
19 retirement allowance, including any cost of living adjustments to that
20 allowance. The contribution shall be withheld by the employer from
21 the salary of the employee or by the retirement system from the
22 retirement allowance, including any cost of living adjustments to that
23 allowance, of the retiree who is not Medicare-eligible. The percent to
24 be contributed shall be as follows with the retirement allowance
25 including any cost of living adjustments to that allowance:

26 For Base Salary or Retirement Allowance of \$40,000 or Less:
27 1.7% for Single Coverage; 2.2% for Parent and Child(ren) Coverage;
28 2.8% for Employee and Spouse Coverage; and 3.3% for Family
29 Coverage

30 For Base Salary or Retirement Allowance of more than \$40,000 to
31 \$50,000: 1.9% for Single Coverage; 2.5% for Parent and Child(ren)
32 Coverage; 3.3% for Employee and Spouse Coverage; and 3.9% for
33 Family Coverage

34 For Base Salary or Retirement Allowance of more than \$50,000 to
35 \$60,000: 2.2% for Single Coverage; 2.8% for Parent and Child(ren)
36 Coverage; 3.9% for Employee and Spouse Coverage; and 4.4% for
37 Family Coverage

38 For Base Salary or Retirement Allowance of more than \$60,000 to
39 \$70,000: 2.5% for Single Coverage; 3% for Parent and Child(ren)
40 Coverage; 4.4% for Employee and Spouse Coverage; and 5% for
41 Family Coverage

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.

1 For Base Salary or Retirement Allowance of more than \$70,000 to
2 \$80,000: 2.8% for Single Coverage; 3.3% for Parent and Child(ren)
3 Coverage; 5% for Employee and Spouse Coverage; and 5.5% for
4 Family Coverage

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

9 For Base Salary or Retirement Allowance of more than \$90,000 to
10 \$100,000: 3.3% for Single Coverage; 3.9% for Parent and Child(ren)
11 Coverage; 6% for Employee and Spouse Coverage; and 6.6% for
12 Family Coverage

13 For Base Salary or Retirement Allowance of more than \$100,000 to
14 \$125,000: 3.6% for Single Coverage; 4.4% for Parent and Child(ren)
15 Coverage; 6.6% for Employee and Spouse Coverage; and 7.2% for
16 Family Coverage

17 When the base salary or retirement allowance is more than
18 \$125,000, the **[percent]** amount to be contributed shall be the same
19 as for a base salary or retirement allowance of \$125,000.

20 b. Each employee, and retiree who is not Medicare-eligible and
21 who is required by another provision of law to contribute in
22 retirement toward the cost of health care benefits coverage under the
23 program, shall contribute annually toward the cost of health care
24 benefits coverage for the employee and retiree, and dependents if
25 any, under the Garden State Health Plan offered by the School
26 Employees' Health Benefits Program an amount equal to a percentage
27 of the employee's annual salary or retiree's annual retirement
28 allowance, including any cost of living adjustments to that allowance.
29 The contribution shall be withheld by the employer from the salary
30 of the employee or by the retirement system from the retirement
31 allowance, including any cost of living adjustments to that allowance,
32 of the retiree who is not Medicare-eligible. The percent to be
33 contributed shall be one-half of the percentage set forth in subsection
34 a. of this section for the salary or retirement allowance range and type
35 of coverage, except that the contribution specified in this subsection
36 shall not be less than the minimum annual contribution for health care
37 benefits coverage of 1.5% of salary or retirement allowance,
38 including any cost of living adjustments to that allowance, as
39 required by law.

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

1 (2) Only those retirees who are not Medicare-eligible and who are
2 required by another provision of law to contribute in retirement
3 toward the cost of health care coverage under the program shall be
4 required to pay the contribution specified in subsection a. or b. of this
5 section for coverage under the New Jersey Educators Health Plan or
6 the Garden State Health Plan.

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

19 d. Employees who are not enrolled in the New Jersey Educators
20 Health Plan or the Garden State Health Plan shall continue, after the
21 effective date of this act, P.L.2020, c.44, to contribute to health care
22 benefits coverage and those contributions shall be determined in
23 accordance with what is permitted or required by provisions of law.

24 An employee who is enrolled in a plan other than the New Jersey
25 Educators Health Plan or the Garden State Health Plan shall be
26 required to contribute toward the cost of health care benefits
27 coverage under the program (a) in accordance with a collective
28 negotiations agreement applicable to that employee as negotiated
29 prior to or after the effective date of this act, P.L.2020, c.44, pursuant
30 to the requirements that were set forth in law on the day next
31 preceding that effective date; (b) as may be required at the discretion
32 of the employer; or (c) as required by a provision of law, whichever
33 is applicable to that employee.

34 With regard to contributions by an employee who is enrolled in a
35 plan other than the New Jersey Educators Health Plan or the Garden
36 State Health Plan, no provision in this section shall be deemed to
37 modify, alter, impair, or terminate the requirement in sections 77 and
38 78 of P.L.2011, c.78 (C.18A:16-17.2 and C.52:14-17.28e), as
39 applicable, that a public employer and employees who were in
40 negotiations for the collective negotiations agreement to be executed
41 after the employees in that unit had reached full implementation of
42 the premium share set forth in section 39 of P.L.2011, c.78 (C.52:14-
43 17.28c) shall conduct negotiations concerning contributions for
44 health care benefits as if the full premium share was included in the
45 prior contract. Nothing in this act shall be deemed to modify, alter,
46 impair, or terminate the continued compliance after the effective date
47 of this act with that requirement for negotiations for any collective
48 negotiations agreement for employee contributions for plans other

1 than the New Jersey Educators Health Plan or the Garden State
2 Health Plan.

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

12 f. The annual contribution by an employee or a retiree who is
13 not Medicare-eligible as calculated in accordance with subsection a.
14 or b. of this section shall not exceed the amount as calculated in
15 accordance with section 4 of this act, P.L.2020, c.44 (C.52:14-
16 17.46.16).

17 g. The contributions required by this section shall apply to
18 employees for whom the employer has assumed a health care benefits
19 payment obligation, to require that such employees pay the amount
20 of contribution specified in this section for health care benefits
21 coverage. The contributions required by this section shall apply to
22 retirees for whom the State has assumed a health care benefits
23 payment obligation but who are required by law to contribute toward
24 the cost of health care benefits coverage under the program, to require
25 that such retirees pay the amount of contribution specified in this
26 section for health care benefits coverage.

27 h. For the plan year that commences on January 1, 2028 and for
28 each plan year thereafter, the contributions required pursuant to
29 subsections a. and b. of this section for employees enrolled in the
30 New Jersey Educators Health Plan or the Garden State Health Plan
31 may be modified through collective negotiations agreements entered
32 into between the employers who participate in the School Employees'
33 Health Benefits Program and their employees. The contributions
34 required pursuant to subsections a. and b. of this section shall become
35 part of the parties' collective negotiations and shall then be subject to
36 collective negotiations in a manner similar to other negotiable items
37 between the parties. Negotiations concerning contributions for health
38 care benefits shall be conducted as if the contributions required
39 pursuant to subsections a. and b. of this section were included in the
40 prior contract. The contribution scheme of percentage of base salary
41 set forth in those subsections may be modified or a new contribution
42 scheme or method other than a percentage of salary may be provided
43 for in accordance with a collective negotiations agreement.

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

1 (cf: P.L.2020, c.44, s.2)

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3 2. Section 5 of P.L.2020, c.44 (C.18A:16-13.2) is amended to
4 read as follows:

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

8 Any health insurance company may provide to local boards of
9 education and to those employers defined pursuant to section 32 of
10 P.L.2007, c.103 (C.52:14-17.46.2) who do not participate in the
11 School Employees' Health Benefits Program the equivalent of the
12 New Jersey Educators Health Plan in the School Employees' Health
13 Benefits Program as that plan design is described in subsection f. of
14 section 1 of P.L.2020, c.44 (C.52:14-17.46.13) and the Garden State
15 Health Plan as that plan design is described in subsection d. of section
16 1 of P.L.2020, c.44 (C.52:14-17.46.13), notwithstanding the
17 provisions of any other law, rule, or regulation, including any
18 regulation of the New Jersey Department of Banking and Insurance,
19 to the contrary. As used in this subsection, "health insurance
20 company" means and includes a health, hospital, and medical service
21 corporation; commercial individual, small employer, and larger
22 group health insurer; and a health maintenance organization.

23 a. (1) Notwithstanding the provisions of any other law, rule,
24 or regulation to the contrary, beginning January 1, 2021 and for each
25 plan year thereafter, a board of education as an employer providing
26 health care benefits coverage for its employees, and their dependents
27 if any, in accordance with P.L.1979, c.391 (C.18A:16-12 et seq.)
28 shall offer to its employees, and their dependents if any, the
29 equivalent of the New Jersey Educators Health Plan in the School
30 Employees' Health Benefits Program as that plan design is described
31 in subsection f. of section 1 of P.L.2020, c.44 (C.52:14-17.46.13).

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

39 (2) The plans under this section shall be offered by the employer
40 regardless of any collective negotiations agreement between the
41 employer and its employees in effect on the effective date of this act,
42 P.L.2020, c.44, that provides for enrollment in other plans offered by
43 the employer.

44 No new health care benefits plans, other than those specified in
45 paragraph (1) of this subsection, shall be added by the employer from
46 January 1, 2021 through December 31, 2027 unless the provisions of
47 any collective negotiations agreement entered into before or after the
48 effective date of this act, P.L.2020, c.44, result in additional premium

1 cost reductions. Nothing in this section shall prohibit an employer
2 from offering health care benefits plans that existed prior to the
3 effective date of this act.

4 (3) Commencing January 1, 2028, the employer may offer such
5 other plans as may be required in accordance with any collective
6 negotiations agreement between the employer and its employees.

7 b. Prior to January 1, 2021, each employer shall provide an
8 enrollment period during which all employees who commenced
9 employment prior to the effective date of this act shall be required to
10 select affirmatively a plan provided by the employer. If an employee
11 fails to select affirmatively a plan during this enrollment period, the
12 employer shall enroll the employee, and the employee's dependents
13 if any, in the equivalent New Jersey Educators Health Plan offered
14 pursuant to subsection a. of this section for the year January 1, 2021
15 until December 31, 2021.

16 During the enrollment period, each person who is enrolled in a
17 plan offered by the employer and who is paying the full cost of
18 coverage shall also be required to select affirmatively a plan provided
19 by the employer. If a person fails to select affirmatively a plan during
20 this enrollment period, the employer shall enroll the person, and the
21 person's dependents if any, in the equivalent New Jersey Educators
22 Health Plan offered pursuant to subsection a. of this section for the
23 year January 1, 2021 until December 31, 2021. Any such person shall
24 continue to pay the full cost of coverage and shall not be subject to
25 the contribution schedule or any mandatory enrollment period as set
26 forth in this section.

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

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

47 d. An employee shall contribute annually toward the cost of
48 health care benefits coverage for the employee, and employee's

1 dependents if any, the amount specified, in the manner specified, in
2 subsection a. or b. of section 2 of this act, P.L.2020, c.44 (C.52:14-
3 17.46.14) if the employee, and the employee's dependents if any, are
4 enrolled in the equivalent New Jersey Educators Health Plan or the
5 equivalent Garden State Health Plan offered pursuant to subsection
6 a. of this section. An employee's contribution toward the cost of
7 coverage under the equivalent Garden State Health Plan offered
8 pursuant to subsection a. of this section shall be the amount required
9 in subsection b. of section 2 of this act, except that the contribution
10 specified in that subsection shall not be less than the minimum annual
11 contribution for health care benefits coverage of 1.5% of salary as
12 required by law.

13 e. (1) An employee enrolled in the equivalent New Jersey
14 Educators Health Plan or the equivalent Garden State Health Plan
15 offered pursuant to subsection a. of this section shall be required to
16 pay only the contribution specified in subsections a. and b. of section
17 2 of this act, notwithstanding any other provision of law, rule, or
18 regulation to the contrary requiring contributions by employees
19 toward the cost of health care benefits coverage provided by an
20 employer, except as provided in subsection d. of this section. No
21 other contribution may be required by collective negotiations
22 agreement, except as set forth in subsection i. of this section.

23 (2) Employees who are not enrolled in the equivalent New Jersey
24 Educators Health Plan or the equivalent Garden State Health Plan
25 offered pursuant to subsection a. of this section shall continue, after
26 the effective date of this act, P.L.2020, c.44, to contribute to health
27 care benefits coverage and those contributions shall be determined in
28 accordance with what is permitted or required by provisions of law.

29 An employee who is enrolled in a plan other than the equivalent
30 New Jersey Educators Health Plan or the equivalent Garden State
31 Health Plan offered pursuant to subsection a. of this section shall be
32 required to contribute toward the cost of health care benefits
33 coverage offered by the employer (a) in accordance with a collective
34 negotiations agreement applicable to that employee as negotiated
35 prior to or after the effective date of this act pursuant to the
36 requirements that were set forth in law on the day next preceding that
37 effective date; (b) as may be required at the discretion of the
38 employer; or (c) as required by a provision of law, whichever is
39 applicable to that employee.

40 With regard to contributions by an employee who is enrolled in a
41 plan other than the equivalent New Jersey Educators Health Plan or
42 the equivalent Garden State Health Plan offered pursuant to
43 subsection a. of this section, no provision in this section shall be
44 deemed to modify, alter, impair, or terminate the requirement in
45 sections 77 and 78 of P.L.2011, c.78 (C.18A:16-17.2 and C.52:14-
46 17.28e), as applicable, that a public employer and employees who are
47 in negotiations for the collective negotiations agreement to be
48 executed after the employees in that unit had reached full

1 implementation of the premium share set forth in section 39 of
2 P.L.2011, c.78 (C.52:14-17.28c) shall conduct negotiations
3 concerning contributions for health care benefits as if the full
4 premium share was included in the prior contract. Nothing in this act
5 shall be deemed to modify, alter, impair, or terminate the continued
6 compliance after the effective date of this act with that requirement
7 for negotiations for any collective negotiations agreement for
8 employee contributions for plans other than the equivalent New
9 Jersey Educators Health Plan or the equivalent Garden State Health
10 Plan offered pursuant to subsection a. of this section.

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

15 f. The annual contribution by an employee as calculated in
16 accordance with subsection a. or b. of section 2 of this act shall not
17 exceed the amount as calculated in accordance with section 4 of this
18 act.

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

24 h. The level of benefits in the equivalent New Jersey Educators
25 Health Plan and the equivalent Garden State Health Plan offered by
26 the employer shall remain unchanged until December 31, 2027. No
27 change in the level of benefits in those plans shall be made before
28 that date unless such a change is required by federal or State law to
29 governmental health care benefits plans or to both governmental and
30 non-governmental health care benefits plans.

31 Commencing January 1, 2028 and for each plan year thereafter,
32 the level of benefits in the equivalent New Jersey Educators Health
33 Plan and the equivalent Garden State Health Plan offered by the
34 employer may be modified by the employer in accordance with
35 collective negotiations agreements entered into between the
36 employers who do not participate in the School Employees' Health
37 Benefits Program and their employees, or as otherwise permitted by
38 law.

39 i. Commencing January 1, 2028 and for each plan year
40 thereafter, the contributions required pursuant to subsections a. and
41 b. of section 2 of this act for employees enrolled in the equivalent
42 New Jersey Educators Health Plan or the equivalent Garden State
43 Health Plan offered pursuant to subsection a. of this section may be
44 modified in accordance with collective negotiations agreements
45 entered into between the employers who do not participate in the
46 School Employees' Health Benefits Program and their employees.
47 The contributions required pursuant to subsections a. and b. of
48 section 2 of this act shall become part of the parties' collective

1 negotiations and shall then be subject to collective negotiations in a
2 manner similar to other negotiable items between the parties.
3 Negotiations concerning contributions for health care benefits shall
4 be conducted as if the contributions required pursuant to subsections
5 a. and b. of section 2 of this act were included in the prior contract.
6 The contribution scheme of the percentage of base salary set forth in
7 those subsections may be modified or a new contribution scheme or
8 method other than a percentage of salary may be provided for in
9 accordance with a collective negotiations agreement.

10 j. Modifications to plan design of the plans set forth in section
11 1 of this act, P.L.2020, c.44 (C.52:14-17.46.13), or adjustments to the
12 employee contribution rates set forth in subsections a. and b. of
13 section 2 of this act, made by the School Employees' Health Benefits
14 Plan Design Committee or the State Treasurer pursuant to section 7
15 of this act shall be implemented for the purposes of this section by
16 the employer commencing January 1, 2024.

17 k. This section shall also apply also when health care benefits
18 coverage is provided though an insurance fund or joint insurance
19 fund or any other manner. This section shall apply to any employer,
20 as that term is defined in section 32 of P.L.2007, c.103 (C.52:14-
21 17.46.2), that is not a participating employer in the School
22 Employees' Health Benefits Program.
23 (cf: P.L.2020, c.44, s.5)

24

25 3. This act shall take effect immediately.

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STATEMENT

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30 This bill allows health insurance companies in this State to provide
31 health care benefit plans that are equivalent to the New Jersey
32 Educators Health Plan and the Garden State Health Plan offered by
33 the School Employees' Health Benefits Program (SEHBP) to local
34 boards of education and other eligible employers who do not
35 participate in the SEHBP, notwithstanding the provisions of any
36 other law, rule, or regulation, including any regulation of the State
37 Department of Banking and Insurance, to the contrary. Health
38 insurance company means and includes health, hospital, and medical
39 service corporations; commercial individual, small employer, and
40 larger group health insurers; and health maintenance organizations.

41 The bill also modifies the contribution to be made by school
42 district employees who earn more than \$125,000 annually to require
43 that they pay the same amount for the New Jersey Educators Health
44 Plan as those who earn \$125,000, rather than a percentage of salary.

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- 1 Allows health insurers to provide certain health care benefit plans
- 2 to local boards of education and eligible employers who do not
- 3 participate in SEHBP; modifies employee contribution for New
- 4 Jersey Educators Health Plan and its equivalent.