ASSEMBLY, No. 5330

STATE OF NEW JERSEY

222nd LEGISLATURE

INTRODUCED JUNE 23, 2026

Sponsored by:
Assemblywoman VERLINA REYNOLDS-JACKSON
District 15 (Hunterdon and Mercer)
Senator M. TERESA RUIZ
District 29 (Essex and Hudson)
Senator SHIRLEY K. TURNER
District 15 (Hunterdon and Mercer)

SYNOPSIS

Permits Director of Division of Pensions and Benefits to initiate temporary transfer of funds in certain circumstances.

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 6/30/2026)

AN ACT concerning the School Employees' Health Benefits Program and amending and supplementing P.L.2007, c.103.

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

1. Section 39 of P.L.2007, c.103 (C.52:14-17.46.9) is amended to read as follows:

39. a. For each active covered employee and for the eligible dependents the employee may have enrolled at the employee's option, from funds appropriated therefor, the employer shall pay to the commission the premium or periodic charges for the benefits provided under the contract in amounts equal to the premium or periodic charges for the benefits provided under such a contract covering the employee and the employee's enrolled dependents.

b. The obligations of any employer to pay the premium or periodic charges for health benefits coverage provided under the School Employees' Health Benefits Program Act, sections 31 through 41 of P.L.2007, c.103 (C.52:14-17.46.1 through C.52:14-17.46.11), may be determined by means of a binding collective negotiations agreement, including any agreement in force at the time the employer commences participation in the School Employees' Health Benefits Program. With respect to employees for whom there is no majority representative for collective negotiations purposes, the employer may, in its sole discretion, modify the respective payment obligations set forth in law for the employer and such employees in a manner consistent with the terms of any collective negotiations agreement binding on the employer.

Commencing on the effective date of P.L.2010, c.2 and upon the expiration of any applicable binding collective negotiations agreement in force on that effective date, employees shall pay 1.5 percent of base salary, through the withholding of the contribution, for health benefits coverage provided under P.L.2007, c.103 (C.52:14-17.46.1 et seq.), notwithstanding any other amount that may be required additionally pursuant to this subsection by means of a binding collective negotiations agreement or the modification of payment obligations.

c. There is hereby established a School Employee Health Benefits Program fund consisting of all contributions to premiums and periodic charges remitted to the State treasury by participating employers for employee coverage. All such contributions shall be deposited in the fund and the fund shall be used to pay the portion of the premium and periodic charges attributable to employee and dependent 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 <u>thus</u> is new matter.

d. The fund shall contain a dedicated subaccount reserved for payment of claims and other health services fees for covered health services and prescription drug benefits provided to covered employees and their enrolled eligible dependents. ⟦No⟧ <u>Except as permitted pursuant to section 2 of P.L. , c. (C.) (pending before the Legislature as this bill), no</u> person shall use or authorize the use of the assets in the subaccount, or the investment earnings thereon, for any purpose other than for the provision of benefits in accordance with the terms of the School Employees' Health Benefits Program and for defraying the reasonable costs of administering the subaccount.

A third-party medical claims reviewer, procured pursuant to section 2 of P.L.2019, c.143 (C.52:14-17.30b), shall, in the performance of services for the program, act in the best interests of the State, participating employers, and covered employees and their enrolled eligible dependents. Nothing in this subsection shall be construed as subjecting the program, its plans, the State, or any participating employer to the provisions of the "Employee Retirement Income Security Act of 1974" (29 U.S.C. s.1001 et seq.).

The third-party medical claims reviewer shall collect, store and maintain a secure archive of medical and prescription drug claims data and other health services payment information and provide such data and other reports in compliance with applicable State and federal laws, including the "Health Insurance Portability and Accountability Act of 1996," Pub.L.104-191, to document the cost and nature of claims incurred, demographic information on the covered population, emerging utilization and demographic trends, and such other information as may be available to assist in the governance of the program and in timely response to any requests from the Governor, the State Treasurer, the Division of Pensions and Benefits, the School Employees' Health Benefits Commission, the School Employees' Health Benefits Plan Design Committee, the President of the Senate, and the Speaker of the General Assembly. Such claims data shall include, but not be limited to, for each claim, the claim number, provider information, amount charged, amount paid, and the Current Procedural Terminology (CPT) code. The School Employees' Health Benefits Commission, the School Employees' Health Benefits Plan Design Committee, the State Treasurer, or the Division of Pensions and Benefits may direct the third-party medical claims reviewer to provide appropriate medical and prescription drug claims and other health services payment data to a health care services provider or other authorized entity, in compliance with applicable State and federal laws, including the "Health Insurance Portability and Accountability Act of 1996," Pub.L.104-191, for the specific purpose of improving the quality and value of health care services delivered to program participants.

The State Treasurer shall deposit into the subaccount the moneys necessary to accomplish the purposes of this subsection, including moneys paid by employers participating in the program, and contributed by covered employees and retirees. Deposits and contributions to the subaccount shall be applied to the distribution of payments for the costs of health care services and prescription drug benefits and to fund the reasonable costs of administering the subaccount. Assets in the subaccount shall be expended or withdrawn, and deposits and withdrawals shall be reconciled, in accordance with regulations and procedures adopted pursuant to this subsection.

Moneys in the subaccount shall be invested in permitted investments or shall be held in interest-bearing accounts in such depositories as the State Treasurer may select, and may be invested and reinvested in permitted investments or invested and reinvested in the same manner as other accounts in the custody of the State Treasurer as provided by law. All interest or other income or earnings derived from the investment or reinvestment of moneys in the subaccount shall be credited thereto and shall be determined on an aggregate basis for all participating employers.

The State Treasurer shall adopt, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), such rules and regulations as may be necessary to implement the provisions of this act, P.L.2019, c.143 (C.52:14-17.30a et al.).

e. Notwithstanding any law to the contrary and except as provided by amendment by P.L.2010, c.2, and by P.L.2011, c.78, the payment in full of premium or periodic charges for eligible retirees and their dependents pursuant to section 3 of P.L.1987, c.384 (C.52:14-17.32f), section 2 of P.L.1992, c.126 (C.52:14-17.32f1), or section 1 of P.L.1995, c.357 (C.52:14-17.32f2) shall be continued without alteration or interruption and there shall be no premium sharing or periodic charges for certain school employees in retirement once they have met the criteria for vesting for pension benefits, which criteria for purposes of this subsection only shall mean the criteria for vesting in the Teachers' Pension and Annuity Fund. For purposes of this subsection, "premium sharing or periodic charges" shall mean payments by eligible retirees based upon a proportion of the premiums for health care benefits.

(cf: P.L.2019, c.143, s.6)

2. (New Section) a. If the available funds in the health benefits fund established pursuant to section 39 of P.L.2007, c.103 (C.52:14-17.46.9) fall to a level that is insufficient to cover 10 days of anticipated payments from the fund, including, but not limited to, any portion of premiums, claims, and other periodic charges, provided that claims for medical, prescription, and dental expenses are based on an average over the past six months, then the Director of the Division of Pensions and Benefits may initiate a temporary

transfer of available funds from the health benefits fund established pursuant to section 49 of P.L.2007, c.103 (C.52:14-17.46a) to the health benefits fund established pursuant to section 39 of P.L.2007, c.103 (C.52:14-17.46.9). The Director of the Division of Pensions and Benefits shall notify the commission within 30 days of the transfer. The amount transferred pursuant to this subsection shall not exceed the amount necessary to cover 30 days of anticipated payments from the fund, including, but not limited to, any portion of premiums, claims, and other periodic charges, provided that claims for medical, prescription, and dental expenses are based on an average over the past six months and any other anticipated payment or charge in the next 30 days. The amount transferred pursuant to this subsection shall be reimbursed from the health benefits fund established pursuant to section 39 of P.L.2007, c.103 (C.52:14-17.46.9) on or before the 120th day next following the date of the transfer unless the Director of the Division of Pensions and Benefits determines that an extension of the reimbursement date is necessary to ensure that sufficient funding is available to pay claims incurred by active covered employees and their eligible dependents; provided, however, in no case shall the reimbursement date be extended for more than an additional 365 days.

b. The Director of the Division of Pensions and Benefits shall provide to the State Treasurer a monthly accounting of any transfers initiated in the prior 30 days pursuant to subsection a. of this section, the outstanding balances of all transfers initiated pursuant to subsection a. of this section, any repayments for past transfers received, and the current balance of the health benefits fund established pursuant to section 39 of P.L.2007, c.103 (C.52:14-17.46.9).

3. This act shall take effect immediately.

STATEMENT

This bill establishes a mechanism to provide necessary funds if the available funds in the health benefits fund for active education employees and their dependents falls to a level that is insufficient to cover 10 days of anticipated payments from the fund. The bill permits the Director of the Division of Pensions and Benefits to initiate a temporary transfer of available funds from the health benefits fund for qualified local education retirees and their dependents to the health benefits fund for active education employees and their dependents. The bill requires the Director of the Division of Pensions and Benefits to notify the School Employees' Health Benefits Commission within 30 days of the transfer.

Under the bill, the amount transferred must not exceed the amount necessary to cover 30 days of anticipated payments from the fund. The amount transferred is to be reimbursed from the active education employee and dependent fund on or before the 120th day next following the date of the transfer unless the Director of the Division of Pensions and Benefits determines that an extension of the reimbursement date is necessary to ensure that sufficient funding is available to pay claims incurred by employees of local education employers and their dependents; provided, however, in no case will the reimbursement date be extended for more than an additional 365 days.

The bill requires the Director of the Division of Pensions and Benefits to provide to the State Treasurer a monthly accounting of any transfers initiated in the prior 30 days, the outstanding balances of all transfers initiated, any repayments for past transfers received, and the current balance of the active education employee and dependent health benefits fund.