

[Second Reprint]

ASSEMBLY, No. 5118

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED DECEMBER 9, 2024

Sponsored by:

Assemblywoman LISA SWAIN

District 38 (Bergen)

Senator JOSEPH A. LAGANA

District 38 (Bergen)

Senator RAJ MUKHERJI

District 32 (Hudson)

Co-Sponsored by:

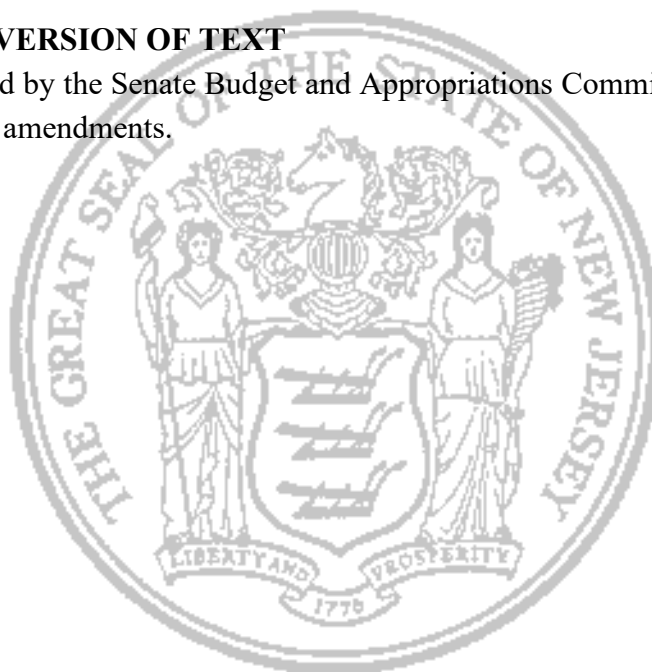
**Assemblywomen Flynn, Speight, Donlon, Peterpaul, Reynolds-Jackson,
Assemblyman Tully, Senators Turner, Diegnan and Greenstein**

SYNOPSIS

Provides health care benefits to disabled members of TPAF and PERS.

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on January 8, 2026, with amendments.



(Sponsorship Updated As Of: 1/12/2026)

1 AN ACT concerning health benefits for ²certain² disabled members
 2 of the Teachers' Pension and Annuity Fund and the Public
 3 Employees' Retirement System ², supplementing P.L.1961, c.49
 4 (C.52:14-17.25 et seq.) and P.L.2007, c.103 (C.52:14-17.46.1 et
 5 seq.),² and amending P.L.2010, c.3.

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

9
 10 ²[1. Section 10 of P.L.2010, c.3 (C.18A:66-39.1) is amended to
 11 read as follows:

12 10. a. A person who becomes a member of the Teachers'
 13 Pension and Annuity Fund, N.J.S.18A:66-1 et seq., on or after the
 14 effective date of P.L.2010, c.3 shall not be eligible for an ordinary
 15 or accidental disability retirement allowance, but shall be eligible
 16 for disability insurance coverage pursuant to this section.

17 b. The State Treasurer is hereby authorized and permitted to
 18 purchase from one or more insurance companies, as determined by
 19 him, group disability benefit coverage to provide for the disability
 20 benefit in the amounts specified herein. The group disability
 21 benefit coverage may be provided under one or more policies issued
 22 to the State Treasurer specifically for this purpose or, in the
 23 discretion of the State Treasurer, under one or more policies issued
 24 to the State Treasurer which provide group life insurance coverage
 25 for members of the retirement system designated in subsection a. of
 26 this section. Any dividend or retrospective rate credit allowed by
 27 an insurance company attributable to this program shall be credited
 28 in an equitable manner to the funds available to meet the employers'
 29 obligations under such retirement system.

30 Premiums for such group insurance coverage shall be paid from
 31 a special fund, hereby created, called the "Teachers Group
 32 Disability Insurance Premium Fund." The State Treasurer shall
 33 estimate annually the amount which shall be required for premiums
 34 for such benefits for the ensuing fiscal year and shall certify such
 35 amounts which shall be applied against the total employer
 36 contributions due for the members of the retirement system whose
 37 members are covered, depositing such amounts in the premium
 38 fund.

39 During the period such group insurance policy or policies are in
 40 effect with respect to members of the retirement system, the State
 41 Treasurer shall in no way commingle moneys in this fund with any
 42 retirement system.

43 c. A person shall not be allowed the group disability benefit
 44 coverage if on the date the person enrolls in the retirement system,

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly ASL committee amendments adopted December 12, 2024.

²Senate SBA committee amendments adopted January 8, 2026.

1 the person is 60 or more years of age, unless the person furnishes
2 satisfactory evidence of insurability and, on the effective date of the
3 person's enrollment, is actively at work and performing all the
4 regular duties at the customary place of employment.

5 The effective date of coverage for such a benefit shall be the first
6 day of the month which immediately follows the date when such
7 evidence is determined to be satisfactory.

8 Such evidence of insurability shall not be required of any person
9 enrolling in the retirement system upon transfer from another
10 retirement system, if such retirement system provided a benefit of a
11 similar nature and the transferring person was covered by such a
12 benefit at the time of the transfer. If such transferring person was
13 not covered by such a benefit at the time of the transfer, the person
14 may be allowed the benefit under the group policy or policies;
15 however, any such person shall furnish satisfactory evidence of
16 insurability if he had been unable or failed to give such evidence as
17 a member of the retirement system from which the person
18 transferred.

19 Any person who must furnish satisfactory evidence of
20 insurability, and who ceases to be enrolled in the retirement system
21 without such evidence having been given, shall continue to be
22 subject to the same requirement if the person subsequently becomes
23 a member.

24 d. The disability benefit coverage provided under such group
25 policy or policies shall provide a monthly income if the member
26 becomes totally disabled from occupational or nonoccupational
27 causes for a period of at least six consecutive months following the
28 effective date of the coverage. The monthly disability benefit may
29 be paid by the insurance company so long as the member remains
30 disabled up to the seventieth birthday, provided the disability
31 commenced prior to the sixtieth birthday. The benefit shall
32 terminate when the member is no longer considered totally disabled
33 or begins to receive retirement benefits.

34 The member shall be considered totally disabled if the member is
35 unable to perform each duty of the member's occupation and is
36 under the regular care of a physician. After the 12 months
37 following the commencement of such disability benefit payments,
38 the member shall be unable to engage in any gainful occupation for
39 which the member is reasonably fitted by education, training or
40 experience. Total disability shall not be considered to exist if the
41 member is gainfully employed. Following an agreement with the
42 insurance company and the policyholder, the member may continue
43 to receive disability benefits for a limited time while performing
44 some type of work. During the period of rehabilitation, the monthly
45 benefit shall be the regular payment less 80% of the member's
46 earnings from such rehabilitative position.

47 e. A member shall be deemed to be in service and covered by
48 the disability benefit insurance provisions for a period of no more
49 than six months while on official leave of absence without pay if

1 satisfactory evidence is presented to the Division of Pensions and
2 Benefits that such leave of absence without pay is due to illness and
3 that the member was not actively engaged in any gainful occupation
4 during such period of leave of absence without pay.

5 Disability benefit insurance provisions of the group policy or
6 policies shall not cover disability resulting from or contributed to
7 by pregnancy, act of war, intentionally self-inflicted injury, or
8 attempted suicide whether or not sane. For purposes of such
9 disability benefit coverage, the member shall not be considered to
10 be disabled while the member is imprisoned or while outside the
11 United States, its territories or possessions, or Canada.

12 If the member has recovered from the disability for which the
13 member had received benefits and again becomes totally disabled
14 while insured, the later disability shall be regarded as a continuation
15 of the prior one unless the member has returned to full-time covered
16 employment for at least six months. If the later absence is due to an
17 unrelated cause and the member had returned to full-time work, it
18 shall be considered a new disability. The disability benefit
19 insurance cannot be converted to an individual policy.

20 No person shall be covered by the disability benefit provision of
21 the group policy or policies except upon the completion of one year
22 of full-time continuous employment in a position eligible for
23 participation in a retirement system designated in subsection a. of
24 this section.

25 f. The disability benefit provided under such group policy or
26 policies shall be in an amount equal to 60% of the member's base
27 monthly salary, reduced by periodic benefits, other than health
28 insurance, to which the member may be entitled during the period
29 of total disability. The minimum monthly disability benefit shall be
30 \$50.

31 The periodic benefit by which the monthly disability benefit may
32 be reduced shall include salary or wages, retirement benefits or
33 benefits from any source for which the State or other public
34 employer has paid any part of the cost or made payroll deductions,
35 other than health insurance, Social Security disability or other
36 benefits, including dependents' benefits, and benefits paid by Social
37 Security at the option of the participant before the age of 65, but not
38 including any increase in Social Security benefits enacted after the
39 disability benefit under such group policy or policies has
40 commenced, and any other periodic benefits provided by law
41 except on account of military service.

42 For pension purposes, the member shall be considered as if the
43 member was in active service for the duration of the time the
44 disability benefit is received. When a member **【begins to receive】**
45 receives a disability benefit under such group policy or policies, the
46 insurance company shall pay an amount equal to the employee
47 contribution which would have been required of the member and
48 deducted from the member's base salary **【in order to meet the**
49 member's obligation for the purchase of the member's individual

1 retirement annuity] just prior to the receipt of the disability benefit.
2 Such amount shall be paid by the insurance company into the
3 Teachers' Pension and Annuity Fund without reduction by any
4 other periodic benefit which the member is eligible to receive.

5 **【Such amount shall be paid by the insurance company to the insurer**
6 **or insurers for the member's retirement annuity.】**

7 g. Notwithstanding any other provision of law, an insurance
8 company or companies issuing such policy or policies may credit
9 the policyholder either directly or in the form of reduced premiums,
10 with savings by the company or companies in the event that no
11 brokerage commission or commissions are paid by the company or
12 companies on the issuance of such policy or policies.

13 No employer obligations shall be paid when the member is on a
14 leave of absence without pay or when the member no longer is
15 enrolled in the retirement system designated in subsection a. of this
16 section.

17 h. The group disability insurance policy or policies shall
18 provide a member with an opportunity to purchase additional
19 coverage.

20 i. A member or disability insurance benefit recipient who is
21 disabled and receiving a benefit under this section shall **【remain**
22 **eligible for employer-provided】** be entitled to health care benefits
23 coverage under the School Employees' Health Benefit Program in
24 the same manner as such coverage is provided by the **【employer】**
25 State to retirees of the 【retirement system】 Teachers' Pension and
26 Annuity Fund who receive health insurance under the School
27 Employees' Health Benefits Program, except the benefit shall be
28 free and there shall be no employee contribution requirement.
29 There shall be no deadline for a disability insurance recipient to
30 enroll in coverage and no eligibility requirements imposed on that
31 recipient to receive coverage other than the requirement that a
32 member be a recipient of disability insurance under this section.

33 j. The State Treasurer shall establish an appeals process to be
34 used when an employer or employee disagrees with the insurer on
35 the employee's ability to return to employment or on issues related
36 to physical examinations.

37 (cf: P.L.2010, c.3, s.10)】²

38

39 ²**【2. Section 11 of P.L.2010, c.3 (C.43:15A-42.1) is amended to**
40 **read as follows:**

41 11. a. A person who becomes a member of the Public
42 Employees' Retirement System of New Jersey, P.L.1954, c.84
43 (C.43:15A-1 et seq.), on or after the effective date of P.L.2010, c.3
44 shall not be eligible for an ordinary or accidental disability
45 retirement allowance, but shall be eligible for disability insurance
46 coverage pursuant to this section.

47 b. The State Treasurer is hereby authorized and permitted to
48 purchase from one or more insurance companies, as determined by

1 him, group disability benefit coverage to provide for the disability
2 benefit in the amounts specified herein. The group disability
3 benefit coverage may be provided under one or more policies issued
4 to the State Treasurer specifically for this purpose or, in the
5 discretion of the State Treasurer, under one or more policies issued
6 to the State Treasurer which provide group life insurance coverage
7 for members of the retirement system designated in subsection a. of
8 this section. Any dividend or retrospective rate credit allowed by
9 an insurance company attributable to this program shall be credited
10 in an equitable manner to the funds available to meet the employers'
11 obligations under such retirement system.

12 Premiums for such group insurance coverage shall be paid from
13 a special fund, hereby created, called the "Public Employees Group
14 Disability Insurance Premium Fund." The State Treasurer shall
15 estimate annually the amount which shall be required for premiums
16 for such benefits for the ensuing fiscal year and shall certify such
17 amounts which shall be applied against the total employer
18 contributions due for the members of the retirement system whose
19 members are covered, depositing such amounts in the premium
20 fund.

21 During the period such group insurance policy or policies are in
22 effect with respect to members of the retirement system, the State
23 Treasurer shall in no way commingle moneys in this fund with any
24 retirement system.

25 c. A person shall not be allowed the group disability benefit
26 coverage if on the date the person enrolls in the retirement system,
27 the person is 60 or more years of age, unless the person furnishes
28 satisfactory evidence of insurability and, on the effective date of the
29 person's enrollment, is actively at work and performing all the
30 regular duties at the customary place of employment.

31 The effective date of coverage for such a benefit shall be the first
32 day of the month which immediately follows the date when such
33 evidence is determined to be satisfactory.

34 Such evidence of insurability shall not be required of any person
35 enrolling in the retirement system upon transfer from another
36 retirement system, if such retirement system provided a benefit of a
37 similar nature and the transferring person was covered by such a
38 benefit at the time of the transfer. If such transferring person was
39 not covered by such a benefit at the time of the transfer, the person
40 may be allowed the benefit under the group policy or policies;
41 however, any such person shall furnish satisfactory evidence of
42 insurability if he had been unable or failed to give such evidence as
43 a member of the retirement system from which the person
44 transferred.

45 Any person who must furnish satisfactory evidence of
46 insurability, and who ceases to be enrolled in the retirement system
47 without such evidence having been given, shall continue to be
48 subject to the same requirement if the person subsequently becomes
49 a member.

1 d. The disability benefit coverage provided under such group
2 policy or policies shall provide a monthly income if the member
3 becomes totally disabled from occupational or nonoccupational
4 causes for a period of at least six consecutive months following the
5 effective date of the coverage. The monthly disability benefit may
6 be paid by the insurance company so long as the member remains
7 disabled up to the seventieth birthday, provided the disability
8 commenced prior to the sixtieth birthday. The benefit shall
9 terminate when the member is no longer considered totally disabled
10 or begins to receive retirement benefits.

11 The member shall be considered totally disabled if the member is
12 unable to perform each duty of the member's occupation and is
13 under the regular care of a physician. After the 12 months
14 following the commencement of such disability benefit payments,
15 the member shall be unable to engage in any gainful occupation for
16 which the member is reasonably fitted by education, training or
17 experience. Total disability shall not be considered to exist if the
18 member is gainfully employed. Following an agreement with the
19 insurance company and the policyholder, the member may continue
20 to receive disability benefits for a limited time while performing
21 some type of work. During the period of rehabilitation, the monthly
22 benefit shall be the regular payment less 80% of the member's
23 earnings from such rehabilitative position.

24 e. A member shall be deemed to be in service and covered by
25 the disability benefit insurance provisions for a period of no more
26 than six months while on official leave of absence without pay if
27 satisfactory evidence is presented to the Division of Pensions and
28 Benefits that such leave of absence without pay is due to illness and
29 that the member was not actively engaged in any gainful occupation
30 during such period of leave of absence without pay.

31 Disability benefit insurance provisions of the group policy or
32 policies shall not cover disability resulting from or contributed to
33 by pregnancy, act of war, intentionally self-inflicted injury, or
34 attempted suicide whether or not sane. For purposes of such
35 disability benefit coverage, the member shall not be considered to
36 be disabled while the member is imprisoned or while outside the
37 United States, its territories or possessions, or Canada.

38 If the member has recovered from the disability for which the
39 member had received benefits and again becomes totally disabled
40 while insured, the later disability shall be regarded as a continuation
41 of the prior one unless the member has returned to full-time covered
42 employment for at least six months. If the later absence is due to an
43 unrelated cause and the member had returned to full-time work, it
44 shall be considered a new disability. The disability benefit
45 insurance cannot be converted to an individual policy.

46 No person shall be covered by the disability benefit provision of
47 the group policy or policies except upon the completion of one year
48 of full-time continuous employment in a position eligible for

1 participation in a retirement system designated in subsection a. of
2 this section.

3 f. The disability benefit provided under such group policy or
4 policies shall be in an amount equal to 60% of the member's base
5 monthly salary, reduced by periodic benefits, other than health
6 insurance, to which the member may be entitled during the period
7 of total disability. The minimum monthly disability benefit shall be
8 \$50.

9 The periodic benefit by which the monthly disability benefit may
10 be reduced shall include salary or wages, retirement benefits or
11 benefits from any source for which the State or other public
12 employer has paid any part of the cost or made payroll deductions,
13 other than health insurance, Social Security disability or other
14 benefits, including dependents' benefits, and benefits paid by Social
15 Security at the option of the participant before the age of 65, but not
16 including any increase in Social Security benefits enacted after the
17 disability benefit under such group policy or policies has
18 commenced, and any other periodic benefits provided by law
19 except on account of military service.

20 For pension purposes, the member shall be considered as if the
21 member was in active service for the duration of the time the
22 disability benefit is received. When a member **【begins to receive】**
23 receives a disability benefit under such group policy or policies, the
24 insurance company shall pay an amount equal to the employee
25 contribution which would have been required of the member and
26 deducted from the member's base salary **【in order to meet the**
27 **member's obligation for the purchase of the member's individual**
28 **retirement annuity】** just prior to the receipt of the disability benefit.
29 Such amount shall be paid by the insurance company into the Public
30 Employees' Retirement System without reduction by any other
31 periodic benefit which the member is eligible to receive. **【Such**
32 **amount shall be paid by the insurance company to the insurer or**
33 **insurers for the member's retirement annuity.】**

34 g. Notwithstanding any other provision of law, an insurance
35 company or companies issuing such policy or policies may credit
36 the policyholder either directly or in the form of reduced premiums,
37 with savings by the company or companies in the event that no
38 brokerage commission or commissions are paid by the company or
39 companies on the issuance of such policy or policies.

40 No employer obligations shall be paid when the member is on a
41 leave of absence without pay or when the member no longer is
42 enrolled in the retirement system designated in subsection a. of this
43 section.

44 h. The group disability insurance policy or policies shall
45 provide a member with an opportunity to purchase additional
46 coverage.

47 i. A member or disability insurance benefit recipient who is
48 disabled and receiving a benefit under this section shall **【remain**

1 eligible for employer-provided] be entitled to health care benefits
 2 coverage under the State Health Benefit Program ¹or the School
 3 Employees' Health Benefits Program¹ in the same manner as such
 4 coverage is provided by the [employer] State to retirees of the
 5 [retirement system] Public Employees' Retirement System who
 6 receive health insurance under the State Health Benefits Program
 7 ¹or the School Employees' Health Benefits Program¹ , except the
 8 benefit shall be free and there shall be no employee contribution
 9 requirement. There shall be no deadline for a disability insurance
 10 recipient to enroll in coverage and no eligibility requirements
 11 imposed on that recipient to receive coverage other than the
 12 requirement that a member be a recipient of disability insurance
 13 under this section.

14 j. The State Treasurer shall establish an appeals process to be
 15 used when an employer or employee disagrees with the insurer on
 16 the employee's ability to return to employment or on issues related
 17 to physical examinations.

18 (cf: P.L.2010, c.3, s.11)]²

19

20 ²1. (New section) a. Notwithstanding the provisions of sections
 21 10 and 11 of P.L.2010, c.3 (C.18A:66-39.1 and C.43:15A-42.1) or
 22 any other law, rule, or regulation to the contrary, a person who is
 23 disabled and receiving a benefit under section 10 or 11 of P.L.2010,
 24 c.3 (C.18A:66-39.1 and C.43:15A-42.1) before January 1, 2027, and
 25 who became a member of the Teachers' Pension and Annuity Fund,
 26 N.J.S.18A:66-1 et seq., on or after the effective date of P.L.2010,
 27 c.3 or became a member of the Public Employees' Retirement
 28 System of New Jersey, P.L.1954, c.84 (C.43:15A-1 et seq.), on or
 29 after the effective date of P.L.2010, c.3 and is an employee of a
 30 board of education or county college shall be eligible to enroll in
 31 health care benefits coverage under the "School Employees' Health
 32 Benefits Program Act," P.L.2007, c.103 (C.52:14-17.46.1 et seq.),
 33 in the same manner as such coverage is provided by the State to
 34 retirees, except the benefit shall be free and there shall be no
 35 employee contribution requirement.

36 b. The program shall refund to a member eligible to enroll in
 37 health care benefits coverage under subsection a. of this section the
 38 amount actually paid by the member for premiums for health
 39 benefits coverage under the "School Employees' Health Benefits
 40 Program Act." P.L.2007, c.103 (C.52:14-17.46.1 et seq.), on or after
 41 January 1, 2024 but prior to the effective date of P.L. , c. (C.)
 42 (pending before the Legislature as this bill) while the member was
 43 disabled and receiving a benefit under section 10 or 11 of P.L.2010,
 44 c.3 (C.18A:66-39.1 and C.43:15A-42.1).²

45

46 ²2. (New section) a. Notwithstanding the provisions of section
 47 11 of P.L.2010, c.3 (C.43:15A-42.1) or any other law, rule, or
 48 regulation to the contrary, an employee of the State who is disabled

1 and receiving a benefit under section 11 of P.L.2010, c.3
2 (C.43:15A-42.1) before January 1, 2027, and who became a
3 member of the Public Employees' Retirement System of New
4 Jersey, P.L.1954, c.84 (C.43:15A-1 et seq.), on or after the effective
5 date of P.L.2010, c.3 shall be eligible to enroll in health care
6 benefits coverage under the "New Jersey State Health Benefits
7 Program Act," P.L.1961, c.49 (C.52:14-17.25 et seq.), in the same
8 manner as such coverage is provided by the State to retirees, except
9 the benefit shall be free and there shall be no employee contribution
10 requirement.

11 b. The program shall refund to a member eligible to enroll in
12 health care benefits coverage under subsection a. of this section the
13 amount the member actually paid for premiums for health benefits
14 coverage under the "New Jersey State Health Benefits Program
15 Act," P.L.1961, c.49 (C.52:14-17.25 et seq.), on or after January 1,
16 2024 but prior to the effective date of P.L. , c. (pending before
17 the Legislature as this bill) while the member was disabled and
18 receiving a benefit under section 11 of P.L.2010, c.3 (C.43:15A-
19 42.1).

20 c. Consistent with the provisions of subsection i. of section 11 of
21 P.L.2010, c.3 (C.43:15A-42.1), a member of the Public Employees'
22 Retirement System of New Jersey, P.L.1954, c.84 (C.43:15A-1 et
23 seq.) who is disabled and receiving a benefit under section 11 of
24 P.L.2010, c.3 (C.43:15A-42.1), and who is an employee of an
25 employer other than the State shall remain eligible for employer-
26 provided health care benefits coverage in the same manner as such
27 coverage is provided by the employer to retirees of the retirement
28 system. The premium contributions of members who are employees
29 of an employer other than the State that participate in the State
30 Health Benefits Program shall be determined by and subject to a
31 resolution by the employer filed with the Division of Pensions and
32 Benefits in the Department of the Treasury.²

33

34 ²3. Section 10 of P.L.2010, c.3 (C.18A:66-39.1) is amended to
35 read as follows:

36 10. a. A person who becomes a member of the Teachers'
37 Pension and Annuity Fund, N.J.S.18A:66-1 et seq., on or after the
38 effective date of P.L.2010, c.3 shall not be eligible for an ordinary
39 or accidental disability retirement allowance, but shall be eligible
40 for disability insurance coverage pursuant to this section.

41 b. The State Treasurer is hereby authorized and permitted to
42 purchase from one or more insurance companies, as determined by
43 him, group disability benefit coverage to provide for the disability
44 benefit in the amounts specified herein. The group disability
45 benefit coverage may be provided under one or more policies issued
46 to the State Treasurer specifically for this purpose or, in the
47 discretion of the State Treasurer, under one or more policies issued
48 to the State Treasurer which provide group life insurance coverage
49 for members of the retirement system designated in subsection a. of

1 this section. Any dividend or retrospective rate credit allowed by
2 an insurance company attributable to this program shall be credited
3 in an equitable manner to the funds available to meet the employers'
4 obligations under such retirement system.

5 Premiums for such group insurance coverage shall be paid from
6 a special fund, hereby created, called the "Teachers Group
7 Disability Insurance Premium Fund." The State Treasurer shall
8 estimate annually the amount which shall be required for premiums
9 for such benefits for the ensuing fiscal year and shall certify such
10 amounts which shall be applied against the total employer
11 contributions due for the members of the retirement system whose
12 members are covered, depositing such amounts in the premium
13 fund.

14 During the period such group insurance policy or policies are in
15 effect with respect to members of the retirement system, the State
16 Treasurer shall in no way commingle moneys in this fund with any
17 retirement system.

18 c. A person shall not be allowed the group disability benefit
19 coverage if on the date the person enrolls in the retirement system,
20 the person is 60 or more years of age, unless the person furnishes
21 satisfactory evidence of insurability and, on the effective date of
22 the person's enrollment, is actively at work and performing all the
23 regular duties at the customary place of employment.

24 The effective date of coverage for such a benefit shall be the first
25 day of the month which immediately follows the date when such
26 evidence is determined to be satisfactory.

27 Such evidence of insurability shall not be required of any person
28 enrolling in the retirement system upon transfer from another
29 retirement system, if such retirement system provided a benefit of a
30 similar nature and the transferring person was covered by such a
31 benefit at the time of the transfer. If such transferring person was
32 not covered by such a benefit at the time of the transfer, the person
33 may be allowed the benefit under the group policy or policies;
34 however, any such person shall furnish satisfactory evidence of
35 insurability if he had been unable or failed to give such evidence as
36 a member of the retirement system from which the person
37 transferred.

38 Any person who must furnish satisfactory evidence of
39 insurability, and who ceases to be enrolled in the retirement system
40 without such evidence having been given, shall continue to be
41 subject to the same requirement if the person subsequently becomes
42 a member.

43 d. The disability benefit coverage provided under such group
44 policy or policies shall provide a monthly income if the member
45 becomes totally disabled from occupational or nonoccupational
46 causes for a period of at least six consecutive months following the
47 effective date of the coverage. The monthly disability benefit may
48 be paid by the insurance company so long as the member remains
49 disabled up to the seventieth birthday, provided the disability

1 commenced prior to the sixtieth birthday. The benefit shall
2 terminate when the member is no longer considered totally disabled
3 or begins to receive retirement benefits.

4 The member shall be considered totally disabled if the member is
5 unable to perform each duty of the member's occupation and is
6 under the regular care of a physician. After the 12 months
7 following the commencement of such disability benefit payments,
8 the member shall be unable to engage in any gainful occupation for
9 which the member is reasonably fitted by education, training or
10 experience. Total disability shall not be considered to exist if the
11 member is gainfully employed. Following an agreement with the
12 insurance company and the policyholder, the member may continue
13 to receive disability benefits for a limited time while performing
14 some type of work. During the period of rehabilitation, the monthly
15 benefit shall be the regular payment less 80% of the member's
16 earnings from such rehabilitative position.

17 e. A member shall be deemed to be in service and covered by
18 the disability benefit insurance provisions for a period of no more
19 than six months while on official leave of absence without pay if
20 satisfactory evidence is presented to the Division of Pensions and
21 Benefits that such leave of absence without pay is due to illness and
22 that the member was not actively engaged in any gainful occupation
23 during such period of leave of absence without pay.

24 Disability benefit insurance provisions of the group policy or
25 policies shall not cover disability resulting from or contributed to
26 by pregnancy, act of war, intentionally self-inflicted injury, or
27 attempted suicide whether or not sane. For purposes of such
28 disability benefit coverage, the member shall not be considered to
29 be disabled while the member is imprisoned or while outside the
30 United States, its territories or possessions, or Canada.

31 If the member has recovered from the disability for which the
32 member had received benefits and again becomes totally disabled
33 while insured, the later disability shall be regarded as a continuation
34 of the prior one unless the member has returned to full-time covered
35 employment for at least six months. If the later absence is due to an
36 unrelated cause and the member had returned to full-time work, it
37 shall be considered a new disability. The disability benefit
38 insurance cannot be converted to an individual policy.

39 No person shall be covered by the disability benefit provision of
40 the group policy or policies except upon the completion of one year
41 of full-time continuous employment in a position eligible for
42 participation in a retirement system designated in subsection a. of
43 this section.

44 f. The disability benefit provided under such group policy or
45 policies shall be in an amount equal to 60% of the member's base
46 monthly salary, reduced by periodic benefits to which the member
47 may be entitled during the period of total disability. The minimum
48 monthly disability benefit shall be \$50.

1 The periodic benefit by which the monthly disability benefit may
2 be reduced shall include salary or wages, retirement benefits or
3 benefits from any source for which the State or other public
4 employer has paid any part of the cost or made payroll deductions,
5 Social Security disability or other benefits, including dependents'
6 benefits, and benefits paid by Social Security at the option of the
7 participant before the age of 65, but not including any increase in
8 Social Security benefits enacted after the disability benefit under
9 such group policy or policies has commenced, and any other
10 periodic benefits provided by law except on account of military
11 service.

12 When a member begins to receive a disability benefit under such
13 group policy or policies, the insurance company shall pay an
14 amount equal to the employee contribution which would have been
15 required of the member and deducted from the member's base salary
16 in order to meet the member's obligation for the purchase of the
17 member's individual retirement annuity. Such amount shall be paid
18 by the insurance company without reduction by any other periodic
19 benefit which the member is eligible to receive. Such amount shall
20 be paid by the insurance company to the insurer or insurers for the
21 member's retirement annuity.

22 g. Notwithstanding any other provision of law, an insurance
23 company or companies issuing such policy or policies may credit
24 the policyholder either directly or in the form of reduced premiums,
25 with savings by the company or companies in the event that no
26 brokerage commission or commissions are paid by the company or
27 companies on the issuance of such policy or policies.

28 No employer obligations shall be paid when the member is on a
29 leave of absence without pay or when the member no longer is
30 enrolled in the retirement system designated in subsection a. of this
31 section.

32 h. The group disability insurance policy or policies shall
33 provide a member with an opportunity to purchase additional
34 coverage.

35 i. A member who is disabled and begins receiving a benefit
36 under this section on or after January 1, 2027 shall **【remain eligible**
37 **for employer-provided】** be eligible to enroll in health care benefits
38 coverage **【in the same manner as such coverage is provided by the**
39 **employer to retirees of the retirement system】** under the “School
40 Employees’ Health Benefits Program Act” P.L.2007, c.103
41 (C.52:14-17.46.1 et seq.), in accordance with the provisions of
42 section 5 of P.L. , c. (C.) (pending before the Legislature
43 as this bill).

44 j. The State Treasurer shall establish **【an】** appeals **【process】**
45 processes to be used when an employer or employee disagrees with
46 the **【insurer on】** administration of disability insurance coverage
47 provided for in this section, including but not limited to, the
48 employee's ability to return to employment **【or on】** ; issues related

1 to physical examinations; eligibility for disability insurance
2 coverage as provided for in this section; and eligibility for health
3 care benefits coverage under the "School Employees' Health
4 Benefits Program Act" P.L.2007, c.103 (C.52:14-17.46.1 et seq.).
5 pursuant to subsection i. of this section, including a member's
6 required contributions determined pursuant to section 5 of P.L. ,
7 c. (C.) (pending before the Legislature as this bill).²
8 (cf: P.L.2010, c.3, s.10)

9
10 ²⁴. Section 11 of P.L.2010, c.3 (C.43:15A-42.1) is amended to
11 read as follows:

12 11. a. A person who becomes a member of the Public
13 Employees' Retirement System of New Jersey, P.L.1954, c.84
14 (C.43:15A-1 et seq.), on or after the effective date of P.L.2010, c.3
15 shall not be eligible for an ordinary or accidental disability
16 retirement allowance, but shall be eligible for disability insurance
17 coverage pursuant to this section.

18 b. The State Treasurer is hereby authorized and permitted to
19 purchase from one or more insurance companies, as determined by
20 him, group disability benefit coverage to provide for the disability
21 benefit in the amounts specified herein. The group disability
22 benefit coverage may be provided under one or more policies issued
23 to the State Treasurer specifically for this purpose or, in the
24 discretion of the State Treasurer, under one or more policies issued
25 to the State Treasurer which provide group life insurance coverage
26 for members of the retirement system designated in subsection a. of
27 this section. Any dividend or retrospective rate credit allowed by
28 an insurance company attributable to this program shall be credited
29 in an equitable manner to the funds available to meet the employers'
30 obligations under such retirement system.

31 Premiums for such group insurance coverage shall be paid from
32 a special fund, hereby created, called the "Public Employees Group
33 Disability Insurance Premium Fund." The State Treasurer shall
34 estimate annually the amount which shall be required for premiums
35 for such benefits for the ensuing fiscal year and shall certify such
36 amounts which shall be applied against the total employer
37 contributions due for the members of the retirement system whose
38 members are covered, depositing such amounts in the premium
39 fund.

40 During the period such group insurance policy or policies are in
41 effect with respect to members of the retirement system, the State
42 Treasurer shall in no way commingle moneys in this fund with any
43 retirement system.

44 c. A person shall not be allowed the group disability benefit
45 coverage if on the date the person enrolls in the retirement system,
46 the person is 60 or more years of age, unless the person furnishes
47 satisfactory evidence of insurability and, on the effective date of
48 the person's enrollment, is actively at work and performing all the
49 regular duties at the customary place of employment.

1 The effective date of coverage for such a benefit shall be the first
2 day of the month which immediately follows the date when such
3 evidence is determined to be satisfactory.

4 Such evidence of insurability shall not be required of any person
5 enrolling in the retirement system upon transfer from another
6 retirement system, if such retirement system provided a benefit of a
7 similar nature and the transferring person was covered by such a
8 benefit at the time of the transfer. If such transferring person was
9 not covered by such a benefit at the time of the transfer, the person
10 may be allowed the benefit under the group policy or policies;
11 however, any such person shall furnish satisfactory evidence of
12 insurability if he had been unable or failed to give such evidence as
13 a member of the retirement system from which the person
14 transferred.

15 Any person who must furnish satisfactory evidence of
16 insurability, and who ceases to be enrolled in the retirement system
17 without such evidence having been given, shall continue to be
18 subject to the same requirement if the person subsequently becomes
19 a member.

20 d. The disability benefit coverage provided under such group
21 policy or policies shall provide a monthly income if the member
22 becomes totally disabled from occupational or nonoccupational
23 causes for a period of at least six consecutive months following the
24 effective date of the coverage. The monthly disability benefit may
25 be paid by the insurance company so long as the member remains
26 disabled up to the seventieth birthday, provided the disability
27 commenced prior to the sixtieth birthday. The benefit shall
28 terminate when the member is no longer considered totally disabled
29 or begins to receive retirement benefits.

30 The member shall be considered totally disabled if the member is
31 unable to perform each duty of the member's occupation and is
32 under the regular care of a physician. After the 12 months
33 following the commencement of such disability benefit payments,
34 the member shall be unable to engage in any gainful occupation for
35 which the member is reasonably fitted by education, training or
36 experience. Total disability shall not be considered to exist if the
37 member is gainfully employed. Following an agreement with the
38 insurance company and the policyholder, the member may continue
39 to receive disability benefits for a limited time while performing
40 some type of work. During the period of rehabilitation, the monthly
41 benefit shall be the regular payment less 80% of the member's
42 earnings from such rehabilitative position.

43 e. A member shall be deemed to be in service and covered by
44 the disability benefit insurance provisions for a period of no more
45 than six months while on official leave of absence without pay if
46 satisfactory evidence is presented to the Division of Pensions and
47 Benefits that such leave of absence without pay is due to illness and
48 that the member was not actively engaged in any gainful occupation
49 during such period of leave of absence without pay.

1 Disability benefit insurance provisions of the group policy or
2 policies shall not cover disability resulting from or contributed to
3 by pregnancy, act of war, intentionally self-inflicted injury, or
4 attempted suicide whether or not sane. For purposes of such
5 disability benefit coverage, the member shall not be considered to
6 be disabled while the member is imprisoned or while outside the
7 United States, its territories or possessions, or Canada.

8 If the member has recovered from the disability for which the
9 member had received benefits and again becomes totally disabled
10 while insured, the later disability shall be regarded as a continuation
11 of the prior one unless the member has returned to full-time covered
12 employment for at least six months. If the later absence is due to an
13 unrelated cause and the member had returned to full-time work, it
14 shall be considered a new disability. The disability benefit
15 insurance cannot be converted to an individual policy.

16 No person shall be covered by the disability benefit provision of
17 the group policy or policies except upon the completion of one year
18 of full-time continuous employment in a position eligible for
19 participation in a retirement system designated in subsection a. of
20 this section.

21 f. The disability benefit provided under such group policy or
22 policies shall be in an amount equal to 60% of the member's base
23 monthly salary, reduced by periodic benefits to which the member
24 may be entitled during the period of total disability. The minimum
25 monthly disability benefit shall be \$50.

26 The periodic benefit by which the monthly disability benefit may
27 be reduced shall include salary or wages, retirement benefits or
28 benefits from any source for which the State or other public
29 employer has paid any part of the cost or made payroll deductions,
30 Social Security disability or other benefits, including dependents'
31 benefits, and benefits paid by Social Security at the option of the
32 participant before the age of 65, but not including any increase in
33 Social Security benefits enacted after the disability benefit under
34 such group policy or policies has commenced, and any other
35 periodic benefits provided by law except on account of military
36 service.

37 When a member begins to receive a disability benefit under such
38 group policy or policies, the insurance company shall pay an
39 amount equal to the employee contribution which would have been
40 required of the member and deducted from the member's base salary
41 in order to meet the member's obligation for the purchase of the
42 member's individual retirement annuity. Such amount shall be paid
43 by the insurance company without reduction by any other periodic
44 benefit which the member is eligible to receive. Such amount shall
45 be paid by the insurance company to the insurer or insurers for the
46 member's retirement annuity.

47 g. Notwithstanding any other provision of law, an insurance
48 company or companies issuing such policy or policies may credit
49 the policyholder either directly or in the form of reduced premiums,

1 with savings by the company or companies in the event that no
2 brokerage commission or commissions are paid by the company or
3 companies on the issuance of such policy or policies.

4 No employer obligations shall be paid when the member is on a
5 leave of absence without pay or when the member no longer is
6 enrolled in the retirement system designated in subsection a. of this
7 section.

8 h. The group disability insurance policy or policies shall
9 provide a member with an opportunity to purchase additional
10 coverage.

11 i. (1) A member who is disabled and receiving a benefit under
12 this section, and who is an employee of an employer other than the
13 State shall remain eligible for employer-provided health care
14 benefits coverage in the same manner as such coverage is provided
15 by the employer to retirees of the retirement system; provided,
16 however, a member who is disabled and begins receiving a benefit
17 under this section on or after January 1, 2027, and who is an
18 employee of a board of education or county college shall be eligible
19 to enroll in health care benefits coverage under the School
20 Employees' Health Benefits Program in accordance with the
21 provisions of section 5 of P.L. , c. (C.) (pending before the
22 Legislature as this bill).

23 (2) A member who is disabled and begins receiving a benefit
24 under this section on or after January 1, 2027, and who is an
25 employee of the State shall be eligible to enroll in health care
26 benefits coverage under the State Health Benefits Program in
27 accordance with the provisions of section 6 of P.L. , c. (C.)
28 (pending before the Legislature as this bill).

29 j. The State Treasurer shall establish **an** appeals **process**
30 processes to be used when an employer or employee disagrees with
31 the **insurer on** administration of disability insurance coverage
32 provided for in this section, including, but not limited to, the
33 employee's ability to return to employment **or on** ; issues related
34 to physical examinations; eligibility for disability insurance
35 coverage as provided for in this section; and eligibility for health
36 care benefits coverage under the State Health Benefits Program, or
37 School Employees' Health Benefits Program, pursuant to
38 subsection i. of this section, including a member's required
39 contributions determined pursuant to section 5 or 6 of P.L. , c.
40 (C.) (pending before the Legislature as this bill).²

41 (cf: P.L.2010, c.3, s.11)

42
43 ^{25.} (New section) a. A member of the Teachers' Pension and
44 Annuity Fund, N.J.S.18A:66-1 et seq., who is disabled and begins
45 receiving a benefit under section 10 of P.L.2010, c.3 (C.18A:66-
46 39.1) on or after January 1, 2027, and who is not Medicare-eligible
47 may enroll in health benefits coverage under the New Jersey
48 Educators Health Plan or the Garden State Health Plan as offered to
49 retirees. An enrollee shall pay monthly contributions to the State

1 for such health benefits coverage in accordance with the provisions
2 of subsections a. or b. of section 2 of P.L.2020, c.44 (C.52:14-
3 17.46.14), as applicable. For the purpose of determining the
4 contributions required from a member receiving health benefits
5 coverage pursuant to this subsection, the term “base salary” as used
6 in section 2 of P.L.2020, c.44 (C.52:14-17.46.14) shall mean the
7 disability benefit provided under a group policy or policies to the
8 member pursuant to section 10 of P.L.2010, c.3 (C.18A:66-39.1).

9 b. A member of the Public Employees' Retirement System of
10 New Jersey, P.L.1954, c.84 (C.43:15A-1 et seq.), who is an
11 employee of a board of education or county college, who is disabled
12 and begins receiving a benefit under section 11 of P.L.2010, c.3
13 (C.43:15A-42.1) on or after January 1, 2027, and who is not
14 Medicare-eligible may enroll in health benefits coverage under the
15 New Jersey Educators Health Plan or the Garden State Health Plan
16 as offered to retirees. An enrollee shall pay monthly contributions
17 to the State for such health benefits coverage in accordance with the
18 provisions of subsections a. or b. of section 2 of P.L.2020, c.44
19 (C.52:14-17.46.14), as applicable. For the purpose of determining
20 the contributions required from a member receiving health benefits
21 coverage pursuant to this subsection, the term “base salary” as used
22 in section 2 of P.L.2020, c.44 (C.52:14-17.46.14) shall mean the
23 disability benefit provided under a group policy or policies to the
24 member pursuant to section 11 of P.L.2010, c.3 (C.43:15A-42.1).

25 c. A member of the Teachers' Pension and Annuity Fund,
26 N.J.S.18A:66-1 et seq., who is disabled and begins receiving a
27 benefit under section 10 of P.L.2010, c.3 (C.18A:66-39.1) on or
28 after January 1, 2027, and who is or becomes Medicare-eligible
29 while receiving a benefit under section 10 of P.L.2010, c.3
30 (C.18A:66-39.1) shall no longer be eligible for enrollment in the
31 New Jersey Educators Health Plan or the Garden State Health Plan
32 as offered to retirees, except that any dependent of the member who
33 is not eligible for Medicare may remain eligible for health benefits
34 coverage under the New Jersey Educators Health Plan or the
35 Garden State Health Plan. Such member may enroll in the School
36 Employees' Health Benefits Program upon enrollment in the federal
37 Medicare program consistent with the laws and regulations
38 governing the participation of Medicare-eligible retirees under the
39 program. A Medicare-eligible enrollee shall pay monthly
40 contributions to the State for such health benefits coverage in
41 accordance with the percentage of salary that is applicable to
42 retirees enrolled in the New Jersey Educators Health Plan pursuant
43 to subsection a. of section 2 of P.L.2020, c.44 (C.52:14-17.46.14).
44 For the purpose of determining the contributions required from a
45 member receiving health benefits coverage pursuant to this
46 subsection, the term “base salary” as used in section 2 of P.L.2020,
47 c.44 (C.52:14-17.46.14) shall mean the disability benefit provided
48 under a group policy or policies to the member pursuant to section
49 10 of P.L.2010, c.3 (C.18A:66-39.1).

1 d. A member of the Public Employees' Retirement System of
2 New Jersey, P.L.1954, c.84 (C.43:15A-1 et seq.), who is an
3 employee of a board of education or county college, who is disabled
4 and begins receiving a benefit under section 11 of P.L.2010, c.3
5 (C.43:15A-42.1) on or after January 1, 2027, and who is or becomes
6 Medicare-eligible while receiving a benefit under section 11 of
7 P.L.2010, c.3 (C.43:15A-42.1) shall no longer be eligible for
8 enrollment in the New Jersey Educators Health Plan or the Garden
9 State Health Plan as offered to retirees, except that any dependent
10 of the member who is not eligible for Medicare may remain eligible
11 for health benefits coverage under the New Jersey Educators Health
12 Plan or the Garden State Health Plan. Such member may enroll in
13 the School Employees' Health Benefits Program upon enrollment in
14 the federal Medicare program consistent with the laws and
15 regulations governing the participation of Medicare-eligible retirees
16 under the program. A Medicare-eligible enrollee shall pay monthly
17 contributions to the State for such health benefits coverage in
18 accordance with the percentage of salary that is applicable to
19 retirees enrolled in the New Jersey Educators Health Plan pursuant
20 to subsection a. of section 2 of P.L.2020, c.44 (C.52:14-17.46.14).
21 For the purpose of determining the contributions required from a
22 member receiving health benefits coverage pursuant to this
23 subsection, the term "base salary" as used in section 2 of P.L.2020,
24 c.44 (C.52:14-17.46.14) shall mean the disability benefit provided
25 under a group policy or policies to the member pursuant to section
26 11 of P.L.2010, c.3 (C.43:15A-42.1).

27 e. If a member fails to remit any contributions required to be
28 remitted to the State for the member's health benefits coverage
29 pursuant to subsections a. through d. of this section, the Division of
30 Pensions and Benefits shall notify the member that the right to
31 continue coverage shall be suspended if payment in full is not
32 remitted within 30 days of such notice. If no payment is made, the
33 division shall generate a notice of termination to the member
34 indicating the termination date and restating the amounts due to
35 reinstate coverage. Termination shall be effective on the last day of
36 the month for which premiums were paid by the member.²

37
38 ²6. (New section) a. A member of the Public Employees'
39 Retirement System of New Jersey, P.L.1954, c.84 (C.43:15A-1 et
40 seq.), who is an employee of the State, who is disabled, and begins
41 receiving a benefit under section 11 of P.L.2010, c.3 (C.43:15A-
42 42.1) on or after January 1, 2027, and who is not Medicare-eligible
43 may enroll in health benefits coverage under a PPO plan or Tiered
44 Network plan that is offered to State retirees under the program.
45 An enrollee shall pay monthly contributions to the State for such
46 health benefits coverage in accordance with the percentage of salary
47 or the cost of coverage that is applicable to State retirees who retire
48 with 25 years of service credit as of the date the enrollee begins
49 receiving a benefit under section 11 of P.L.2010, c.3 (C.43:15A-

1 42.1) and who enroll in such plans. For the purpose of determining
2 the contributions required from a member receiving health benefits
3 coverage pursuant to this subsection, the term “base salary” where
4 used for the purpose of determining the contributions required from
5 State retirees for health benefits coverage shall mean the disability
6 benefit provided under a group policy or policies to the member
7 pursuant to section 11 of P.L.2010, c.3 (C.43:15A-42.1).

8 b. A member of the Public Employees' Retirement System of
9 New Jersey, P.L.1954, c.84 (C.43:15A-1 et seq.), who is an
10 employee of the State, who is disabled and begins receiving a
11 benefit under section 11 of P.L.2010, c.3 (C.43:15A-42.1) on or
12 after January 1, 2027, and who is or becomes Medicare-eligible
13 while receiving a benefit under section 11 of P.L.2010, c.3
14 (C.43:15A-42.1) shall enroll in the State Health Benefits Program in
15 the same manner as a retiree upon enrollment in the federal
16 Medicare program consistent with the laws and regulations
17 governing the participation of Medicare-eligible retirees under the
18 program. An enrollee shall pay monthly contributions to the State
19 for such health benefits coverage in accordance with the percentage
20 of salary or the cost of coverage that is applicable to State retirees
21 who retire with 25 years of service credit as of the date the enrollee
22 begins receiving a benefit under section 11 of P.L.2010, c.3
23 (C.43:15A-42.1) and who enroll in such plans. For the purpose of
24 determining the contributions required from a member receiving
25 health benefits coverage pursuant to this subsection, the term “base
26 salary” where used for the purpose of determining the contributions
27 required from State retirees for health benefits coverage shall mean
28 the disability benefit provided under a group policy or policies to
29 the member pursuant to section 11 of P.L.2010, c.3 (C.43:15A-
30 42.1).

31 c. If a member fails to remit any contributions required to be
32 remitted to the State for the member’s health benefits coverage
33 pursuant to subsections a. and b. of this subsection, the Division of
34 Pensions and Benefits shall notify the member that the right to
35 continue coverage shall be suspended if payment in full is not
36 remitted within 30 days of such notice. If no payment is made, the
37 division shall generate a notice of termination to the member
38 indicating the termination date and restating the amounts due to
39 reinstate coverage. Termination shall be effective on the last day of
40 the month for which premiums were paid by the member.²

41
42 ²[3.] 7.² This act shall take effect immediately.