

CHAPTER 44
(CORRECTED COPY)

AN ACT concerning the health care benefits plans provided by the School Employees' Health Benefits Program and eligible employers that do not participate in the program, and supplementing P.L.2007, c.103 (C.52:14-17.46.1 et seq.) and P.L.1979, c.391 (C.18A:16-12 et seq.).

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

C.52:14-17.46.13 Health care benefit plans offered.

1. This section shall apply to the School Employees' Health Benefits Program (SEHBP) and to those employers defined pursuant to section 32 of P.L.2007, c.103 (C.52:14-17.46.2) that participate in the program.

a. (1) Notwithstanding the provisions of any other law, rule, or regulation to the contrary, beginning with the plan year that commences January 1, 2021 and for each plan year thereafter, the School Employees' Health Benefits Program shall offer only three plans that provide medical and prescription drug benefits for employees, and retirees who are not Medicare-eligible, and their dependents if any. All other plans offered prior to January 1, 2021 for employees, and retirees who are not Medicare-eligible, and their dependents if any, shall be terminated.

The three plans shall be the New Jersey Educators Health Plan as developed by the School Employees' Health Benefits Plan Design Committee in accordance with subsection f. of this section which sets forth the plan design of the New Jersey Educators Health Plan; the SEHBP NJ Direct 10 plan as adopted and implemented by the School Employees' Health Benefits Commission for the plan year that began January 1, 2020; and the SEHBP NJ Direct 15 plan as adopted and implemented by the School Employees' Health Benefits Commission for the plan year that began January 1, 2020.

Employers that participate in the School Employees' Health Benefits Program shall retain the ability to enter the program for medical only plans and may separately purchase pharmacy and dental benefits outside of the program without limitation or restriction.

(2) Only the plans set forth in this section shall be offered by the program regardless of any collective negotiations agreement between a participating employer and its employees in effect on the effective date of this act, P.L.2020, c.44, that provides for enrollment in other plans that were offered by the program prior to January 1, 2021.

b. Prior to January 1, 2021, the program, through the Division of Pensions and Benefits in the Department of the Treasury, shall provide for an enrollment period during which all employees who commenced employment prior to the effective date of this act shall be required to select affirmatively one of the three plans specified in subsection a. of this section. If an employee fails to select affirmatively a plan during this enrollment period, the program shall enroll the employee, and the employee's dependents if any, in the New Jersey Educators Health Plan for the plan year beginning January 1, 2021 and ending December 31, 2021.

During the enrollment period, any person who is enrolled in a plan offered by the program and who is paying the full cost of health care benefits coverage shall also be required to select affirmatively one of the three plans specified in subsection a. of this section. If a person fails to select affirmatively a plan during this enrollment period, the program shall enroll the person, and the person's dependents if any, in the New Jersey Educators Health Plan for the plan year beginning January 1, 2021 and ending December 31, 2021. Any such

person shall continue to pay the full cost of coverage and shall not be subject to the contribution schedule or any mandatory enrollment period as set forth in this section.

c. (1) Beginning on January 1, 2021, an employee commencing employment on or after the effective date of this act but before January 1, 2028 who does not waive coverage shall be enrolled by the program, with the employee's dependents if any, in the New Jersey Educators Health Plan, or the Garden State Health Plan if selected by the employee. The employee shall remain enrolled in either the New Jersey Educators Health Plan or the Garden State Health Plan selected by the employee at the annual open enrollment for each plan year through the plan year that ends December 31, 2027, provided that the employee during this period may waive coverage as an employee and select and change the type of coverage received under the plan following a qualifying life event, in accordance with the program regulations. For the plan year beginning January 1, 2028, the employee may select, during any open enrollment period or at such other times or under such conditions as the program may provide, any plan offered by the program.

(2) For the plan year beginning January 1, 2021, the program shall enroll a retiree who is not Medicare-eligible, and the retiree's dependents if any, in the New Jersey Educators Health Plan for health care benefits coverage as a retiree, if the retiree does not waive coverage. The retiree shall remain enrolled in that plan for each plan year through the plan year that ends December 31, 2027 or until the retiree becomes eligible for Medicare, whichever comes first. The retiree who becomes eligible for Medicare shall no longer be eligible for enrollment in the New Jersey Educators Health Plan, except that any dependent of the retiree who is not eligible for Medicare may remain eligible for coverage under the New Jersey Educators Health Plan. For the plan year beginning January 1, 2028, that retiree who is not Medicare-eligible may select, during any open enrollment period or at such other times or under such conditions as the program may provide, any plan offered by the program.

(3) Except as otherwise provided in this subsection or subsection b. of this section, selection of a plan shall be at the sole discretion of the employee or retiree who is not Medicare-eligible.

d. Beginning July 1, 2021 and for each plan year thereafter, the program shall offer a fourth plan to be called the Garden State Health Plan. The plan shall be developed by the School Employees' Health Benefits Plan Design Committee. If the committee does not adopt a design for the Garden State Health Plan by December 31, 2020, the Division of Pensions and Benefits in the Department of the Treasury shall develop the Garden State Health Plan.

The Garden State Health Plan shall provide medical and prescription drug benefits that are equivalent to the level of medical and prescription drug benefits provided by the New Jersey Educators Health Plan, except that the benefits under the Garden State Health Plan shall be available only from providers located in the State of New Jersey.

Access to a service provider that is located outside of the State shall be available only under such terms, conditions, restrictions, and limitations as the plan design committee or the division, as appropriate, shall provide in the plan governing documents.

Employers that participate in the School Employees' Health Benefits Program shall retain the ability to enter the program for medical only plans and may separately purchase pharmacy and dental benefits outside of the program without limitation or restriction.

e. The plan design of the New Jersey Educators Health Plan, the Garden State Health Plan, the NJ Direct 10 plan, and the NJ Direct 15 plan as those plan designs are specified in subsections a., d., and f. of this section shall remain unchanged until December 31, 2027. No change in the plan design of those plans shall be made before that date unless such a change

in plan design is required by federal or State law to governmental health care benefits plans or to both governmental and non-governmental health care benefits plans.

For the plan year that commences January 1, 2028 and for each plan year thereafter, the plan design of the New Jersey Educators Health Plan, the Garden State Health Plan, the NJ Direct 10 plan, and the NJ Direct 15 plan as those plan designs are specified in subsections a., d., and f. of this section may be modified by the School Employees' Health Benefits Plan Design Committee.

Modifications to plan design of the plans set forth in this section made by the School Employees' Health Benefits Plan Design Committee or the State Treasurer pursuant to section 7 of this act shall be implemented by the program for the purposes of this section commencing January 1, 2024.

f. The plan design of the New Jersey Educators Health Plan shall be the following:

In Network Benefits	Coverage
Member Coinsurance:	10%, Applies Only to Emergency Transportation Care and Durable Medical Equipment
Deductible:	N/A
Out-of-Pocket Maximum:	\$500 Single/ \$1,000 Family (covers all in network copayments, coinsurance, and deductible)
Emergency Room Copayment:	\$125 (To be Waived if Admitted)
PCP Office Visit Copayment:	\$10
Specialist Office Visit Copayment	\$15
Out-of-Network Benefits	Coverage
Member Coinsurance:	30% of the Out-of-Network Fee Schedule
Deductible:	\$350 / \$700
Out-of-Pocket Maximum:	\$2,000 Single / \$5,000 Family
Routine Lab:	Paid at Out-of-Network Benefit Level

Out-of-Network Fee Schedule: 200% of CMS - Medicare

Pharmacy

Out-of-Pocket Maximum: \$1,600 Single / \$3,200 Family (Indexed Annually Pursuant to Federal Law)

Generic Copayment: \$5 Retail 30 Day Supply / \$10 Mail 90 Day Supply

Brand Copayment: \$10 Retail 30 Day Supply/ \$20 Mail 90 Day Supply

Mandatory Generic: Member Pays Difference in Cost Between Generic and Brand, Plus Brand Copayment

Formulary: Closed Formulary as contracted with the Pharmacy Benefit Manager and the School Employees' Health Benefits Commission

Other

Chiropractic, Physical Therapy, and Acupuncture: Subject to the same Out-of-Network Limits as for the State Health Benefits Program as were in effect on June 1, 2020 to take effect as of July 1, 2020, or as soon thereafter as reasonably practicable.

Under a patient centered medical home model, there shall be no office visit copay for primary care for participants who select and commit to a patient centered medical home for primary care in accordance with plan rules and regulations.

g. Any plan offered by the School Employees' Health Benefits Program shall require that chiropractic, physical therapy, and acupuncture benefits shall be subject to the same out-of-network limits as for the State Health Benefits Program that were in effect on June 1, 2020 to take effect as of July 1, 2020 or as soon thereafter as reasonably practicable.

C.52:14-17.46.14 Annual contribution from employee, retiree.

2. a. Each employee, and retiree who is not Medicare-eligible and who is required by another provision of law to contribute in retirement toward the cost of health care benefits coverage under the program, shall contribute annually toward the cost of health care benefits coverage for the employee and retiree, and dependents if any, under the New Jersey

Educators Health Plan offered by the School Employees' Health Benefits Program an amount equal to a percentage of the employee's annual base salary or retiree's annual retirement allowance, including any cost of living adjustments to that allowance. The contribution shall be withheld by the employer from the salary of the employee or by the retirement system from the retirement allowance, including any cost of living adjustments to that allowance, of the retiree who is not Medicare-eligible. The percent to be contributed shall be as follows with the retirement allowance including any cost of living adjustments to that allowance:

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

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

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

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

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

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

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

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

When the base salary or retirement allowance is more than \$125,000, the percent to be contributed shall be the same as for a base salary or retirement allowance of \$125,000.

b. Each employee, and retiree who is not Medicare-eligible and who is required by another provision of law to contribute in retirement toward the cost of health care benefits coverage under the program, shall contribute annually toward the cost of health care benefits coverage for the employee and retiree, and dependents if any, under the Garden State Health Plan offered by the School Employees' Health Benefits Program an amount equal to a

percentage of the employee's annual salary or retiree's annual retirement allowance, including any cost of living adjustments to that allowance. The contribution shall be withheld by the employer from the salary of the employee or by the retirement system from the retirement allowance, including any cost of living adjustments to that allowance, of the retiree who is not Medicare-eligible. The percent to be contributed shall be one-half of the percentage set forth in subsection a. of this section for the salary or retirement allowance range and type of coverage, except that the contribution specified in this subsection shall not be less than the minimum annual contribution for health care benefits coverage of 1.5% of salary or retirement allowance, including any cost of living adjustments to that allowance, as required by law.

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

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

A retiree who is not Medicare-eligible, who is enrolled in the New Jersey Educators Health Plan or the Garden State Health Plan, and who is required by another provision of law to contribute in retirement toward the cost of health care coverage under the program shall be required to pay only the contribution specified in subsection a. or b. of this section, notwithstanding the provisions of section 77 of P.L.2011, c.78 (C.52:14-17.28e), 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) to the contrary requiring contributions by retirees toward the cost of health care benefits coverage under the program, except as provided in subsection b. of this section.

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

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

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

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

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

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

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

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

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

C.52:14-17.46.15 Guidance tool.

3. a. The School Employees' Health Benefits Commission shall prepare, in coordination with the Division of Pensions and Benefits in the Department of the Treasury, a guidance tool to provide employees and retirees who are not Medicare-eligible with confidential consultations online with regard to the employee's or retiree's decision to select a plan during a period of open enrollment or at other times. The guidance tool shall operate using

information supplied by the employee or retiree as answers to questions concerning the health care needs of the employee or retiree, and the employee's or retiree's dependents if any.

b. A comprehensive health and wellness plan intended to provide biometric screening services, chronic condition coaching services, and smoking cessation services shall be available to all members of the School Employees' Health Benefits Program, including all members of the New Jersey Educators Health Plan and the Garden State Health Plan.

The School Employees' Health Benefits Commission shall provide, through a contract, for the services of wellness related providers for employees and retirees, and their dependents if any, enrolled in the program. The contract awarded by the commission shall be offered to employers, as defined in section 32 of P.L.2007, c.103 (C.52:14-17.46.2), who do not participate in the program so that their employees may have access to the same services and under same terms, conditions, and costs as the employees of employers who do participate.

The School Employees' Health Benefits Program shall promote, on an on-going basis, the expansion of the use of patient centered medical homes.

The School Employees' Health Benefits Plan Design Committee shall seek also to adopt, on an on-going basis, efforts and measures to support expanded population health arrangements that manage costs and prevent inappropriate utilization.

c. All provisions of law regarding the School Employees' Health Benefits Program shall remain applicable to the extent not inconsistent with, and shall not be interpreted in a manner that creates a direct impediment to the implementation of, this section and sections 1, 2, and 4 of this act, P.L.2020, c.44 (C.52:14-17.46.13, C.52:14-17.46.14, and C.52:14-17.46.16).

C.52:14-17.46.16 Calculation of contribution.

4. For employees and retirees who are not Medicare-eligible who are required to make a contribution pursuant to subsection a. or b. of section 2, or subsection d. of section 5, of this act, P.L.2020, c.44 (C.18A:16-13.2), due to enrollment in the New Jersey Educators Health Plan or the Garden State Health Plan, or the equivalent plan, as appropriate, a calculation shall be made in accordance with this section. The employee or retiree shall be required to contribute the lesser of: the amount calculated for that employee or retiree in accordance with subsection a. or b. of section 2, or in accordance with subsection d. of section 5, of this act, as appropriate; or the amount calculated for that employee or retiree in accordance with this section.

for family coverage or its equivalent -

an employee or retiree who earns less than \$25,000 shall pay 3 percent of the cost of coverage;

an employee or retiree who earns \$25,000 or more but less than \$30,000 shall pay 4 percent of the cost of coverage;

an employee or retiree who earns \$30,000 or more but less than \$35,000 shall pay 5 percent of the cost of coverage;

an employee or retiree who earns \$35,000 or more but less than \$40,000 shall pay 6 percent of the cost of coverage;

an employee or retiree who earns \$40,000 or more but less than \$45,000 shall pay 7 percent of the cost of coverage;

an employee or retiree who earns \$45,000 or more but less than \$50,000 shall pay 9 percent of the cost of coverage;

an employee or retiree who earns \$50,000 or more but less than \$55,000 shall pay 12 percent of the cost of coverage;

an employee or retiree who earns \$55,000 or more but less than \$60,000 shall pay 14 percent of the cost of coverage;

an employee or retiree who earns \$60,000 or more but less than \$65,000 shall pay 17 percent of the cost of coverage;

an employee or retiree who earns \$65,000 or more but less than \$70,000 shall pay 19 percent of the cost of coverage;

an employee or retiree who earns \$70,000 or more but less than \$75,000 shall pay 22 percent of the cost of coverage;

an employee or retiree who earns \$75,000 or more but less than \$80,000 shall pay 23 percent of the cost of coverage;

an employee or retiree who earns \$80,000 or more but less than \$85,000 shall pay 24 percent of the cost of coverage;

an employee or retiree who earns \$85,000 or more but less than \$90,000 shall pay 26 percent of the cost of coverage;

an employee or retiree who earns \$90,000 or more but less than \$95,000 shall pay 28 percent of the cost of coverage;

an employee or retiree who earns \$95,000 or more but less than \$100,000 shall pay 29 percent of the cost of coverage;

an employee or retiree who earns \$100,000 or more but less than \$110,000 shall pay 32 percent of the cost of coverage;

an employee or retiree who earns \$110,000 or more shall pay 35 percent of the cost of coverage

for individual coverage or its equivalent -

an employee or retiree who earns less than \$20,000 shall pay 4.5 percent of the cost of coverage;

an employee or retiree who earns \$20,000 or more but less than \$25,000 shall pay 5.5 percent of the cost of coverage;

an employee or retiree who earns \$25,000 or more but less than \$30,000 shall pay 7.5 percent of the cost of coverage;

an employee or retiree who earns \$30,000 or more but less than \$35,000 shall pay 10 percent of the cost of coverage;

an employee or retiree who earns \$35,000 or more but less than \$40,000 shall pay 11 percent of the cost of coverage;

an employee or retiree who earns \$40,000 or more but less than \$45,000 shall pay 12 percent of the cost of coverage;

an employee or retiree who earns \$45,000 or more but less than \$50,000 shall pay 14 percent of the cost of coverage;

an employee or retiree who earns \$50,000 or more but less than \$55,000 shall pay 20 percent of the cost of coverage;

an employee or retiree who earns \$55,000 or more but less than \$60,000 shall pay 23 percent of the cost of coverage;

an employee or retiree who earns \$60,000 or more but less than \$65,000 shall pay 27 percent of the cost of coverage;

an employee or retiree who earns \$65,000 or more but less than \$70,000 shall pay 29 percent of the cost of coverage;

an employee or retiree who earns \$70,000 or more but less than \$75,000 shall pay 32 percent of the cost of coverage;

an employee or retiree who earns \$75,000 or more but less than \$80,000 shall pay 33 percent of the cost of coverage;

an employee or retiree who earns \$80,000 or more but less than \$95,000 shall pay 34 percent of the cost of coverage;

an employee or retiree who earns \$95,000 or more shall pay 35 percent of the cost of coverage;

for member with child or spouse coverage or its equivalent -

an employee or retiree who earns less than \$25,000 shall pay 3.5 percent of the cost of coverage;

an employee or retiree who earns \$25,000 or more but less than \$30,000 shall pay 4.5 percent of the cost of coverage;

an employee or retiree who earns \$30,000 or more but less than \$35,000 shall pay 6 percent of the cost of coverage;

an employee or retiree who earns \$35,000 or more but less than \$40,000 shall pay 7 percent of the cost of coverage;

an employee or retiree who earns \$40,000 or more but less than \$45,000 shall pay 8 percent of the cost of coverage;

an employee or retiree who earns \$45,000 or more but less than \$50,000 shall pay 10 percent of the cost of coverage;

an employee or retiree who earns \$50,000 or more but less than \$55,000 shall pay 15 percent of the cost of coverage;

an employee or retiree who earns \$55,000 or more but less than \$60,000 shall pay 17 percent of the cost of coverage;

an employee or retiree who earns \$60,000 or more but less than \$65,000 shall pay 21 percent of the cost of coverage;

an employee or retiree who earns \$65,000 or more but less than \$70,000 shall pay 23 percent of the cost of coverage;

an employee or retiree who earns \$70,000 or more but less than \$75,000 shall pay 26 percent of the cost of coverage;

an employee or retiree who earns \$75,000 or more but less than \$80,000 shall pay 27 percent of the cost of coverage;

an employee or retiree who earns \$80,000 or more but less than \$85,000 shall pay 28 percent of the cost of coverage;

an employee or retiree who earns \$85,000 or more but less than \$100,000 shall pay 30 percent of the cost of coverage.

an employee or retiree who earns \$100,000 or more shall pay 35 percent of the cost of coverage.

The annual base salary of an employee shall be used to determine what the employee earns for the purpose of determining the percent of the cost of coverage. The annual retirement allowance, including any cost of living adjustments to that allowance, of a retiree who is not Medicare-eligible shall be used to determine what the retiree earns for the purpose of determining the percent of the cost of coverage.

As used in this section, "cost of coverage" means the premium or periodic charges for medical and prescription drug plan coverage, but not for dental, vision, or other health care, provided: (1) under the New Jersey Educators Health Plan or the Garden State Health Plan offered by the School Employees' Health Benefits Program pursuant to section 1 of P.L.2020, c.44 (C.52:14-17.46.13); or (2) under the equivalent New Jersey Educators Health Plan or the equivalent Garden State Health Plan offered by an employer pursuant to section 5

of P.L.2020, c.44 (C.18A:16-13.2) when that employer is not a participant in the School Employees' Health Benefits Program.

C.18A:16-13.2 Applicability to local boards of education, certain employers; enrollment period.

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

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

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

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

No new health care benefits plans, other than those specified in paragraph (1) of this subsection, shall be added by the employer from January 1, 2021 through December 31, 2027 unless the provisions of any collective negotiations agreement entered into before or after the effective date of this act, P.L.2020, c.44, result in additional premium cost reductions. Nothing in this section shall prohibit an employer from offering health care benefits plans that existed prior to the effective date of this act.

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

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

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

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

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

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

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

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

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

With regard to contributions by an employee who is enrolled in a plan other than the equivalent New Jersey Educators Health Plan or the equivalent Garden State Health Plan offered pursuant to subsection a. of this section, no provision in this section shall be deemed

to modify, alter, impair, or terminate the requirement in sections 77 and 78 of P.L.2011, c.78 (C.18A:16-17.2 and C.52:14-17.28e), as applicable, that a public employer and employees who are in negotiations for the collective negotiations agreement to be executed after the employees in that unit had reached full implementation of the premium share set forth in section 39 of P.L.2011, c.78 (C.52:14-17.28c) shall conduct negotiations concerning contributions for health care benefits as if the full premium share was included in the prior contract. Nothing in this act shall be deemed to modify, alter, impair, or terminate the continued compliance after the effective date of this act with that requirement for negotiations for any collective negotiations agreement for employee contributions for plans other than the equivalent New Jersey Educators Health Plan or the equivalent Garden State Health Plan offered pursuant to subsection a. of this section.

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

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

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

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

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

i. Commencing January 1, 2028 and for each plan year thereafter, the contributions required pursuant to subsections a. and b. of section 2 of this act for employees enrolled in the equivalent New Jersey Educators Health Plan or the equivalent Garden State Health Plan offered pursuant to subsection a. of this section may be modified in accordance with collective negotiations agreements entered into between the employers who do not participate in the School Employees' Health Benefits Program and their employees. The contributions required pursuant to subsections a. and b. of section 2 of this act shall become part of the parties' collective negotiations and shall then be subject to collective negotiations in a manner similar to other negotiable items between the parties. Negotiations concerning contributions for health care benefits shall be conducted as if the contributions required pursuant to subsections a. and b. of section 2 of this act were included in the prior contract. The contribution scheme of the percentage of base salary set forth in those subsections may be modified or a new contribution scheme or method other than a percentage of salary may be provided for in accordance with a collective negotiations agreement.

j. Modifications to plan design of the plans set forth in section 1 of this act, P.L.2020, c.44 (C.52:14-17.46.13), or adjustments to the employee contribution rates set forth in

subsections a. and b. of section 2 of this act, made by the School Employees' Health Benefits Plan Design Committee or the State Treasurer pursuant to section 7 of this act shall be implemented for the purposes of this section by the employer commencing January 1, 2024.

k. This section shall also apply also when health care benefits coverage is provided through an insurance fund or joint insurance fund or any other manner. This section shall apply to any employer, as that term is defined in section 32 of P.L.2007, c.103 (C.52:14-17.46.2), that is not a participating employer in the School Employees' Health Benefits Program.

C.18A:16-13.3 Use of actual savings realized by school district.

6. a. Actual savings realized by a school district as a result of the implementation of the provisions of P.L.2020, c.44 (C.52:14-17.46.13 et al.) shall be used solely and exclusively by the school district for the purpose of reducing the amount that is required to be raised by the local property tax levy by the school district for school district purposes, except when a school district is spending below adequacy as calculated in accordance with section 1 of P.L.2018, c.67 (C.18A:7F-70).

When a cap on the annual increase in the property tax levy for a school district is imposed by law, the savings realized shall be deducted from the adjusted tax levy for the previous budget year and that reduced amount shall serve as the basis for calculating the adjusted tax levy for the next school year.

b. To enable tracking of health care cost savings by school districts, each school district shall submit an annual data sheet for both the current and prior year showing the Total Annual Cost of Health Benefits for Active Employees, the Total Employee Cost-Sharing Contribution, and the Net Cost to the School District for Health Benefits, including the Number of Covered Employees, the Annual Cost Estimate Per Employee, and the Total Cost for each coverage category – Single Coverage, Parent and Child, Employee and Spouse, and Family.

In addition, school districts shall provide separate breakouts of the same categories of data for health care coverage under all health care benefits plans offered by the employer. The datasheet shall also indicate whether the school district is enrolled in the School Employees' Health Benefits Program for medical or medical and prescription drug benefits coverage. Reports shall be due no later than 60 days following each enrollment period to the Department of Education, the Division of Pensions and Benefits in the Department of the Treasury, and the Legislature.

7. Within 30 calendar days after June 30, 2023, the State's actuary for the School Employees' Health Benefits Program shall issue an actuarial report validating a net annualized savings of at least \$300 million comparing plan years 2020, 2021, and 2022 that shall measure the implementation of the New Jersey Educators Plan and Garden State Health Plan, and the SEHBP NJ Direct 10 and the SEHBP NJ Direct 15 plans, provided by those school districts and county colleges both that participate and that do not participate in the School Employees' Health Benefits Program, inclusive of pre-Medicare retirees paid for by the State and the value of early plan design changes implemented in Fiscal Year 2020.

In the event that the net annualized savings Statewide were less than \$300 million, the School Employees' Health Benefits Plan Design Committee shall, within 60 days from the issuance of the actuary's report, make plan design changes, or adjustments to employee contributions, or both, for the New Jersey Educators Health Plan, or the Garden State Health Plan, or both, or also plan design changes to the SEHBP NJ Direct 10 or SEHBP NJ Direct

15 plans, or both, to make up the estimated shortfall over the remaining duration of the period covered by this act, P.L.2020, c.44 (C.52:14-17.46.13 et al.), ending December 31, 2027.

In the event that the committee is unable to agree upon the needed plan design changes or adjustments to employee contributions, or both, within the 60-day period to achieve the \$300 million in net annualized savings, the State Treasurer shall construct and implement, within 45 days, plan design changes or adjustments to employee contributions, or both, necessary to achieve the savings, as validated by the State's actuary for the program, and implement such changes and adjustments.

In the event there is a shortfall, the committee or the State Treasurer shall have a resolution for any shortfall no later than October 1, 2023 for implementation for January 1, 2024.

No monies from the claims stabilization reserve fund or equivalent fund established or maintained for the School Employees' Health Benefits Program to pay incurred claims that have not yet been settled, shall be used for the actuary's calculations required by this section.

8. With regard to employers that have collective negotiation agreements in effect on the effective date of this act, P.L.2020, c.44, that include health care benefits coverage available to employees when the net cost to the employer is lower than the cost to the employer would be compared to the New Jersey Educators Health Plan, the employer and the majority representative shall engage in collective negotiations over the financial impact of the difference.

9. This act shall take effect immediately.

Approved July 1, 2020.