

P.L. 2024, CHAPTER 86, *approved October 30, 2024*  
Senate, No. 3838 (*First Reprint*)

1 AN ACT concerning the State Health Benefits Program and  
2 amending and supplementing P.L.1961, c.49.

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

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7 1. Section 6 of P.L.1961, c.49 (C.52:14-17.30) is amended to  
8 read as follows:

9 6. a. For each active covered State employee and for the eligible  
10 dependents the employee may have enrolled at the employee's  
11 option, the State, from funds appropriated therefor, shall pay its  
12 share of the premium or periodic charges for the benefits provided  
13 under the contract purchased by the commission pursuant to  
14 subsection a. of section 4 of P.L.1961, c.49 (C.52:14-17.28).

15 An employee may, on an optional basis, enroll the employee's  
16 dependents for coverage under the contract subject to such  
17 regulations and conditions as the commission and the carrier may  
18 prescribe.

19 b. There is hereby created a health benefits fund. Said fund  
20 shall be used to pay the premiums or periodic charges for which the  
21 State is responsible under this act.

22 c. The fund shall contain a dedicated subaccount reserved for  
23 payment of claims and other health services fees for covered health  
24 services and prescription drug benefits provided to covered State  
25 employees and their enrolled eligible dependents. **[No]** Except as  
26 permitted pursuant to section 2 of P.L. , c. (C. ) (pending  
27 before the Legislature as this bill), no person shall use or authorize  
28 the use of the assets in the subaccount, or the investment earnings  
29 thereon, for any purpose other than for the provision of benefits in  
30 accordance with the terms of the State Health Benefits Program and  
31 for defraying the reasonable costs of administering the subaccount.

32 A third-party medical claims reviewer, procured pursuant to  
33 section 2 of P.L.2019, c.143 (C.52:14-17.30b), shall, in the  
34 performance of services for the program, act in the best interests of  
35 the State, participating employers, and covered State employees and  
36 their enrolled eligible dependents. Nothing in this subsection shall  
37 be construed as subjecting the program, its plans, the State, or any  
38 participating employer to the provisions of the "Employee

**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:

<sup>1</sup>Senate SSG committee amendments adopted October 24, 2024.

1 Retirement Income Security Act of 1974" (29 U.S.C. s.1001 et  
2 seq.).

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

30 The State Treasurer shall deposit into the subaccount the moneys  
31 necessary to accomplish the purposes of this subsection, including  
32 moneys paid by employers participating in the program, and  
33 contributed by employees and retirees of the State and employees  
34 and retirees of employers other than the State participating in the  
35 program. Deposits and contributions to the subaccount shall be  
36 applied to the distribution of payments for the costs of health care  
37 services and prescription drug benefits and to fund the reasonable  
38 costs of administering the subaccount. Assets in the subaccount  
39 shall be expended or withdrawn, and deposits and withdrawals shall  
40 be reconciled, in accordance with regulations and procedures  
41 adopted pursuant to this subsection.

42 Moneys in the subaccount shall be invested in permitted  
43 investments or shall be held in interest-bearing accounts in such  
44 depositories as the State Treasurer may select, and may be invested  
45 and reinvested in permitted investments or invested and reinvested  
46 in the same manner as other accounts in the custody of the State  
47 Treasurer as provided by law. All interest or other income or  
48 earnings derived from the investment or reinvestment of moneys in

1 the subaccount shall be credited thereto and shall be determined on  
2 an aggregate basis for all participating employers.

3 The State Treasurer shall adopt, pursuant to the "Administrative  
4 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), such rules  
5 and regulations as may be necessary to implement the provisions of  
6 this act, P.L.2019, c.143 (C.52:14-17.30a et al.).  
7 (cf: P.L.2019, c.143, s.3)

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9 2. (New section) a. If the available funds in the health benefits  
10 funds established pursuant to sections 10 and 11 of P.L.1964, c.125  
11 (C.52:14-17.41 and C.52:14-17.42) fall to a level that is insufficient  
12 to cover 10 days of anticipated payments from the fund, including,  
13 but not limited to, any portion of premiums, claims, and other  
14 periodic charges, provided that claims for medical, prescription, and  
15 dental expenses are based on an average over the past six months,  
16 then the Director of the Division of Pensions and Benefits may  
17 initiate a temporary transfer of available funds from the health  
18 benefits fund established pursuant to section 6 of P.L.1961, c.49  
19 (C.52:14-17.30) to the health benefits funds established pursuant to  
20 sections 10 and 11 of P.L.1964, c.125 (C.52:14-17.41 and 52:14-  
21 17.42). The Director of the Division of Pensions and Benefits shall  
22 notify the commission within 30 days of the transfer. The amount  
23 transferred pursuant to this subsection shall not exceed the amount  
24 necessary to cover 30 days of anticipated payments from the fund,  
25 including, but not limited to, any portion of premiums, claims, and  
26 other periodic charges, provided that claims for medical,  
27 prescription, and dental expenses are based on an average over the  
28 past six months and any other anticipated payment or charge in the  
29 next 30 days. The amount transferred pursuant to this subsection  
30 **['**, together with interest accruing at the prevailing interest rate  
31 earned by the health benefits fund established pursuant to section 6  
32 of P.L.1961, c.49 (C.52:14-17.30) in the month last preceding the  
33 date of the transfer,**']** shall be reimbursed from the health benefits  
34 fund established pursuant to section 11 of P.L.1964, c.125  
35 (C.52:14-17.42) on or before the 120th day next following the date  
36 of the transfer unless the Director of the Division of Pensions and  
37 Benefits determines that an extension of the reimbursement date is  
38 necessary to ensure that sufficient funding is available to pay claims  
39 incurred by employees of employers other than the State and their  
40 dependents; provided, however, in no case shall the reimbursement  
41 date be extended for more than an additional 365 days.

42 b. The Director of the Division of Pensions and Benefits shall  
43 provide to the State Treasurer a monthly accounting of any transfers  
44 initiated in the prior 30 days pursuant to subsection a. of this  
45 section, the outstanding balances of all transfers initiated pursuant  
46 to subsection a. of this section, any repayments for past transfers  
47 received, and the current balance of the health benefits fund

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1 established pursuant to section 11 of P.L.1964, c.125 (C.52:14-  
2 17.42).

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4 3. This act shall take effect immediately.

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