

[First Reprint]
SENATE, No. 3

STATE OF NEW JERSEY
214th LEGISLATURE

INTRODUCED FEBRUARY 8, 2010

Sponsored by:

Senator MICHAEL J. DOHERTY
District 23 (Warren and Hunterdon)
Senator JIM WHELAN
District 2 (Atlantic)

Co-Sponsored by:

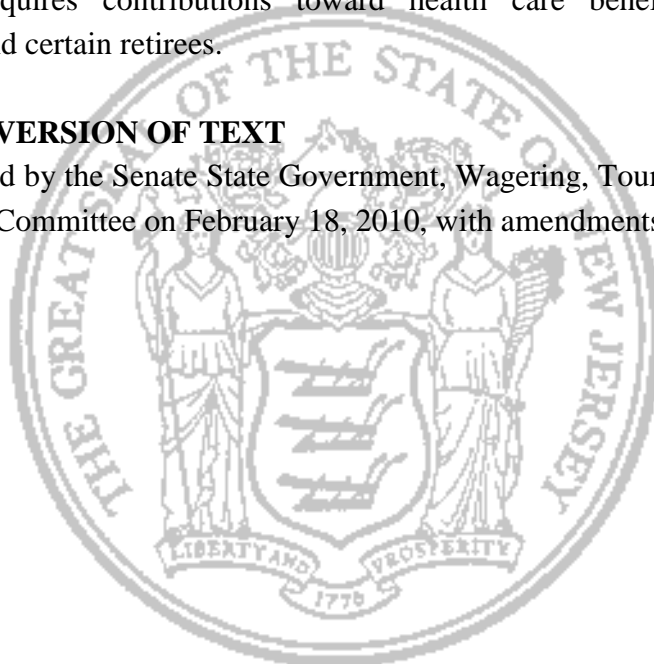
Senators Vitale, Lesniak, Oroho, Kyrillos, Beach, Gordon, Bateman, O'Toole, T.Kean, A.R.Bucco, Cardinale, Beck, B.Smith, Stack, Scutari, Madden, Sweeney, Buono, Ruiz, Gill and Pennacchio

SYNOPSIS

Makes various changes to SHBP and SEHBP concerning eligibility, cost sharing, plan choice, benefit change application, coverage waiver, multiple coverage; requires contributions toward health care benefits by public employees and certain retirees.

CURRENT VERSION OF TEXT

As reported by the Senate State Government, Wagering, Tourism & Historic Preservation Committee on February 18, 2010, with amendments.



1 AN ACT concerning the eligibility for and the benefits provided
2 through the State Health Benefits Program and the School
3 Employees' Health Benefits Program ¹, and concerning
4 contributions and waivers by active and certain retired public
5 employees for health care benefits provided by an employer,¹ and
6 amending various parts of the statutory law ¹and supplementing
7 chapter 64A of Title 18A of the New Jersey Statutes¹.
8

9 **BE IT ENACTED** by the Senate and General Assembly of the State
10 of New Jersey:
11

12 1. Section 6 of P.L.1996, c.8 (C.52:14-17.28b) is amended to
13 read as follows:

14 6. a. Notwithstanding the provisions of any other law to the
15 contrary, the obligations of the State or an independent State
16 authority, board, commission, corporation, agency, or organization
17 to pay the premium or periodic charges for health benefits coverage
18 provided under P.L.1961, c.49 (C.52:14-17.25 et seq.) may be
19 determined by means of a binding collective negotiations
20 agreement, including any agreements in force at the time of the
21 adoption of P.L.1996, c.8. With respect to State employees for
22 whom there is no majority representative for collective negotiations
23 purposes, the commission may, in its sole discretion, modify the
24 respective payment obligations set forth in P.L.1961, c.49 for the
25 State and such employees in a manner consistent with the terms of
26 any collective negotiations agreement binding on the State. With
27 respect to employees of an independent State authority, board,
28 commission, corporation, agency, or organization for whom there is
29 no majority representative for collective negotiations purposes, the
30 employer may, in its sole discretion, modify the respective payment
31 obligations set forth in P.L.1961, c.49 for such employer and such
32 employees in a manner consistent with the terms of any collective
33 negotiations agreement binding on such employer. The provisions
34 of this subsection shall also apply to employees deemed or
35 considered to be employees of the State pursuant to subsection (c)
36 of section 2 of P.L.1961, c.49 (C.52:14-17.26).

37 b. (1) Notwithstanding the provisions of any other law to the
38 contrary, for each State employee who accrues 25 years of
39 nonconcurrent service credit in one or more State or locally-
40 administered retirement systems before July 1, 1997, excepting the
41 employee who elects deferred retirement, the State, upon the
42 employee's retirement, shall pay the full cost of the premium or
43 periodic charges for the health benefits provided to a retired State
44 employee and dependents covered under the State Health Benefits

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:

¹Senate SSG committee amendments adopted February 18, 2010.

1 Program, but not including survivors, and shall also reimburse the
2 retired employee for premium charges under Part B of Medicare
3 covering the retired employee and the employee's spouse.

4 (2) Notwithstanding the provisions of any other law to the
5 contrary, and except as otherwise provided by section 8 of
6 P.L.1961, c.49 (C.52:14-17.32) as amended by P.L.2005, c.341, and
7 by subsection c. of this section, for each State employee who
8 accrues 25 years of nonconcurrent service credit in one or more
9 State or locally-administered retirement systems on or after July 1,
10 1997, excepting the employee who elects deferred retirement, the
11 State, upon the employee's retirement, shall pay the premium or
12 periodic charges for the health benefits provided to a retired State
13 employee and dependents covered under the State Health Benefits
14 Program, but not including survivors, and shall reimburse the
15 retired employee for premium charges under Part B of Medicare
16 covering the retired employee and the employee's spouse: (a) in
17 accordance with the provisions, if any, concerning health benefits
18 coverage in retirement which are in the collective negotiations
19 agreement applicable to the employee at the time of the employee's
20 accrual of 25 years of nonconcurrent service credit in one or more
21 State or locally-administered retirement systems, or (b) if the
22 employee has no majority representative for collective negotiations
23 purposes, in a manner consistent with the terms, if any, concerning
24 health benefits coverage in retirement which are in any collective
25 negotiations agreement deemed applicable by the State Health
26 Benefits Commission to that employee at the time of the employee's
27 accrual of 25 years of nonconcurrent service credit in one or more
28 State or locally-administered retirement systems. The terms for the
29 payment of premiums or periodic charges established pursuant to
30 this paragraph for the traditional plan shall apply to the successor
31 plan, and the terms for the payment of premiums or periodic
32 charges established pursuant to this paragraph for the NJ PLUS plan
33 shall apply to the State managed care plan required to be included
34 in a contract entered into pursuant to subsection c. of section 4 of
35 P.L.1961, c.49 (C.52:14-17.28).

36 c. (1) Effective July 1, 2007, but, with respect to employees to
37 whom this subsection applies who are paid through the State
38 centralized payroll, effective with the first pay period beginning
39 after July 1, 2007, the cost of benefits provided pursuant to
40 P.L.1961, c.49 (C.52:14-17.25 et seq.) shall be shared by employees
41 through the withholding of a contribution in an amount as
42 determined in accordance with paragraph (2) of this subsection.

43 (2) The amount of the contribution required pursuant to
44 paragraph (1) of this subsection as to State employees and
45 employees of an independent State authority, board, commission,
46 corporation, agency, or organization for whom there is a majority
47 representative for collective negotiations purposes shall be
48 determined by means of a binding collective negotiations

1 agreement. Commencing on the effective date of P.L. _____,
2 c. (pending before the Legislature as this bill) and upon the
3 expiration of any applicable binding collective negotiations
4 agreement in force on that effective date, the amount of the
5 contribution required pursuant to paragraph (1) of this subsection
6 by State employees and employees of an independent State
7 authority, board, commission, corporation, agency, or organization
8 for whom there is a majority representative for collective
9 negotiations purposes shall be 1.5% of base salary, notwithstanding
10 any other amount that may be required additionally pursuant to this
11 paragraph by means of a binding collective negotiations agreement.

12 The amount of the contribution required pursuant to paragraph
13 (1) of this subsection as to State employees for whom there is no
14 majority representative for collective negotiations purposes shall be
15 determined in a manner consistent with the terms, if any,
16 concerning health benefits coverage which are in a collective
17 negotiations agreement deemed applicable by the commission to the
18 employee. The amount of the contribution required pursuant to
19 paragraph (1) of this subsection as to employees of an independent
20 State authority, board, commission, corporation, agency, or
21 organization for whom there is no majority representative for
22 collective negotiations purposes shall be determined in a manner
23 consistent with the terms, if any, concerning health benefits
24 coverage which are in a collective negotiations agreement deemed
25 applicable by the employer to the employee. The amount of the
26 contribution required pursuant to paragraph (1) of this subsection as
27 to State employees or employees of an independent State authority,
28 board, commission, corporation, agency, or organization for whom
29 there is no majority representative for collective negotiations
30 purposes shall be 1.5 percent of base salary, notwithstanding any
31 other amount that may be required additionally pursuant to this
32 paragraph by means of the application of the terms of a binding
33 collective negotiations agreement.

34 (3) Except as provided in paragraph (5) of this subsection, the
35 cost of benefits provided pursuant to P.L.1961, c.49 (C.52:14-17.25
36 et seq.) shall be shared by retirees to whom this subsection applies
37 through the withholding of a contribution in an amount as
38 determined in accordance with paragraph (4) of this subsection.

39 (4) The amount of the contribution required pursuant to
40 paragraph (3) of this subsection as to State employees and
41 employees of an independent State authority, board, commission,
42 corporation, agency, or organization for whom there is a majority
43 representative for collective negotiations purposes who accrue 25
44 years of nonconcurrent service credit in one or more State or
45 locally-administered retirement systems on or after July 1, 2007,
46 and who retire on or after July 1, 2007, excepting employees who
47 elect deferred retirement, but including those who retire on a
48 disability pension after July 1, 2007, shall be determined by means

1 of a binding collective negotiations agreement applicable at the
2 time of the employee's accrual of 25 years of nonconcurrent service
3 credit in one or more State or locally-administered retirement
4 systems. The amount of the contribution required pursuant to
5 paragraph (3) of this subsection as to State employees or employees
6 of an independent State authority, board, commission, corporation,
7 agency, or organization for whom there is no majority
8 representative for collective negotiations purposes who accrue 25
9 years of nonconcurrent service credit in one or more State or
10 locally-administered retirement systems on or after July 1, 2007,
11 and who retire on or after July 1, 2007, excepting employees who
12 elect deferred retirement, but including those who retire on a
13 disability pension after July 1, 2007, shall be determined in a
14 manner consistent with the terms, if any, concerning health benefits
15 coverage in retirement which are in any collective negotiations
16 agreement deemed applicable by the commission to that employee
17 at the time of the employee's accrual of 25 years of nonconcurrent
18 service credit in one or more State or locally-administered
19 retirement systems, except that for employees who accrue 25 years
20 of nonconcurrent service credit in one or more State or locally-
21 administered retirement systems in the period beginning July 1,
22 2007, and ending June 30, 2011, the contribution shall be 1.5
23 percent of the monthly retirement allowance, including any future
24 cost-of-living adjustments, or, with respect to retirees for whom
25 there is no majority representative and who are members of the
26 alternate benefit program, an amount determined pursuant to a
27 formula developed by the commission that shall be designed to
28 result in a contribution that is comparable to the contribution that
29 applies to retirees who are not members of the alternate benefit
30 program.

31 (5) The contribution required pursuant to paragraph (3) of this
32 subsection shall not take effect until the New Jersey Retirees'
33 Wellness Program is open for enrollment and thereafter the
34 contribution shall be waived for a retiree who participates in the
35 New Jersey Retirees' Wellness Program. The Division of Pensions
36 and Benefits shall issue a report on the New Jersey Retirees'
37 Wellness Program. The report shall include, but need not be limited
38 to, the claims experience with regard to retirees in the program, and
39 the costs and savings realized. The report shall be issued at the end
40 of the third year after the program's implementation or by
41 December 30, 2010, whichever is earlier. The report shall be
42 submitted to the Governor, the Legislature, and the State Treasurer.

43 (6) Any employee or retiree from whom withholding of a
44 contribution is required pursuant to this subsection shall not be
45 required to pay any percentage of the premiums or periodic charges
46 for health care benefits provided under P.L.1961, c.49 (C.52:14-
47 17.25 et seq.), other than dental benefits.

1 (7) The contribution required pursuant to this subsection may be
2 terminated only upon withdrawal from all health care benefits
3 coverage as an employee or retiree, other than coverage for dental
4 benefits, and the submission to the commission of written
5 certification by the employee that the employee is covered by other
6 health care benefits and that those benefits are in force. The
7 commission shall not apply the written certification requirement to
8 retirees or to employees to whom Article VI, Section VI, paragraph
9 6 of the New Jersey Constitution applies.

10 d. The amount of contribution required pursuant to paragraph
11 (3) of subsection c. of this section in retirement as to a State
12 employee and employee of an independent State authority, board,
13 commission, corporation, agency, or organization who becomes a
14 member of a State or locally-administered retirement system on or
15 after the effective date of P.L. , c. (pending before the
16 Legislature as this bill), for whom there is a majority representative
17 for collective negotiations purposes and for whom there is no such
18 representative, shall be 1.5 percent of the retiree's monthly
19 retirement allowance, including any future cost-of-living
20 adjustments, or with respect to members of the alternate benefit
21 program, an amount determined pursuant to the formula specified in
22 paragraph (4) of subsection c. of this section, notwithstanding any
23 other amount that may be required additionally pursuant to
24 paragraph (4) of subsection c. of this section by means of a binding
25 collective negotiations agreement or by means of the application of
26 the terms of such an agreement. The contribution required by this
27 subsection or pursuant to paragraph (4) of subsection c. of this
28 section for officers or employees specified in this subsection shall
29 not be waived for a retiree who participates in the New Jersey
30 Retirees' Wellness Program.

31 (cf: P.L.2007, c.103, s.22)

32
33 2. Section 3 of P.L.1987, c.384 (C.52:14-17.32f) is amended to
34 read as follows:

35 3. A qualified retiree from the Teachers' Pension and Annuity
36 Fund (N.J.S.18A:66-1 et seq.) and dependents of a qualified retiree,
37 but not including survivors, are eligible to participate in the State
38 Health Benefits Program until June 30, 2008, and beginning July 1,
39 2008, in the School Employees' Health Benefits Program, regardless
40 of whether the retiree's employer participated in the program.

41 A qualified retiree is a retiree who:

42 a. Retired on a benefit based on 25 or more years of service
43 credit;

44 b. Retired on a disability pension based on fewer years of
45 service credit; or

46 c. Elected deferred retirement based on 25 or more years of
47 service credit and who receives a retirement allowance.

1 The program shall reimburse a qualified retiree who participates
2 in the program for the premium charges under Part B of the federal
3 Medicare program for the retiree and the retiree's spouse. A
4 qualified retiree who retired under subsections a. and b. of this
5 section prior to the effective date of this 1987 amendatory and
6 supplementary act is eligible for the coverage if the retiree applies
7 to the program for it within one year after the effective date, and a
8 qualified retiree as defined under subsection c. of this section whose
9 retirement allowance commenced prior to the effective date of this
10 1992 amendatory act is eligible for the coverage if the retiree
11 applies to the program for it within one year after the effective date.

12 The premium or periodic charges for benefits provided to a
13 qualified retiree and the dependents of the retiree, and the cost for
14 reimbursement of Medicare premiums shall be paid by the State.
15 An employee who becomes a member of the Teachers' Pension and
16 Annuity Fund on or after the effective date of P.L. , c. (pending
17 before the Legislature as this bill) shall pay as a qualified retiree 1.5
18 percent of the retiree's monthly retirement allowance, including any
19 future cost-of-living adjustments, through the withholding of the
20 contribution, for health benefits coverage provided under P.L.2007,
21 c.103 (C.52:14-17.46.1 et seq.) and the State shall pay the
22 remainder of the premium or periodic charges for benefits provided
23 to a qualified retiree and the dependents of the retiree, and the cost
24 for reimbursement of Medicare premiums.

25 (cf: P.L.2007, c.103, s.42)

26

27 3. Section 2 of P.L.1992, c.126 (C.52:14-17.32f1) is amended
28 to read as follows:

29 2. The provisions of section 3 of P.L.1987, c.384 (C.52:14-
30 17.32f) shall apply to:

31 a. any employee of a board of education who retires on a
32 benefit or benefits based in the aggregate upon 25 or more years of
33 nonconcurrent service credit in one or more State or locally-
34 administered retirement systems, or retires on a disability pension
35 based upon fewer years of service credit in that system or systems,
36 or elected deferred retirement based in the aggregate upon 25 or
37 more years of nonconcurrent service credit in one or more State or
38 locally-administered retirement systems and receives a retirement
39 allowance from that system or systems;

40 b. any employee of a county college who retires on a benefit or
41 benefits based in the aggregate upon 25 or more years of
42 nonconcurrent service credit in one or more State or locally-
43 administered retirement systems, or retires on a disability pension
44 based upon fewer years of service credit in that system or systems,
45 or elected deferred retirement based in the aggregate upon 25 or
46 more years of nonconcurrent service credit in one or more State or
47 locally-administered retirement systems and receives a retirement
48 allowance from that system or systems; or who receives a disability

1 benefit pursuant to section 18 of P.L.1969, c.242 (C.18A:66-184);
2 and

3 c. any employee of a county college who retires on a benefit
4 based upon 10 or more years of service credit in the alternate
5 benefit program (P.L.1969, c.242; C.18A:66-167 et seq.) and who
6 has additional years of service credited in another defined
7 contribution retirement program as an employee of a private
8 institution of higher education which, under contract with a county
9 government, provided services as a county college and subsequently
10 merged with a county technical institute to become a county
11 college, which additional years of service when added to the service
12 credited in the alternate benefit program totals 25 or more years and
13 any such employee who retired prior to the effective date of
14 P.L.1999, c.382 if the employee applies to the program for coverage
15 within one year after the effective date of P.L.1999, c.382.

16 The costs of the premium or periodic charges for the benefits and
17 reimbursement of medicare premiums provided to a retiree and the
18 dependents of the retiree under this section shall be paid by the
19 State. An employee who becomes a member of a State or locally-
20 administered retirement system on or after the effective date of
21 P.L. , c. (pending before the Legislature as this bill) shall pay as
22 a qualified retiree 1.5 percent of the retiree's monthly retirement
23 allowance, including any future cost-of-living adjustments, through
24 the withholding of the contribution, for health benefits coverage
25 provided under P.L.2007, c.103 (C.52:14-17.46.1 et seq.) and the
26 State shall pay the remainder of the premium or periodic charges
27 for benefits provided to a qualified retiree and the dependents of the
28 retiree, and the cost for reimbursement of Medicare premiums.
29 (cf: P.L.2001, c.209, s.3)

30

31 4. Section 1 of P.L.1995, c.357 (C.52:14-17.32f2) is amended
32 to read as follows:

33 1. The provisions of section 3 of P.L.1987, c.384 (C.52:14-
34 17.32f) shall apply to any employee of a board of education who is
35 a member of a pension fund created prior to **the effective date of**
36 **this act** January 5, 1996 under the provisions of article 2 of chapter
37 66 of Title 18A of the New Jersey Statutes (N.J.S.18A:66-94 et
38 seq.) and who retires on a benefit based upon 25 or more years of
39 service credit in the pension fund, or retires on a disability pension
40 based upon fewer years of service credit in that pension fund, or
41 elected deferred retirement based upon 25 or more years of service
42 credit and receives a retirement allowance from that pension fund,
43 except that the costs of the premium or periodic charges for the
44 benefits and reimbursement of medicare premiums provided to a
45 retiree and the dependents of the retiree under this section shall be
46 paid by the State. An employee who becomes a member of the
47 pension fund on or after the effective date of P.L. , c. (pending
48 before the Legislature as this bill) shall pay in retirement 1.5

1 percent of the retiree's monthly retirement allowance, including any
2 future cost-of-living adjustments, through the withholding of the
3 contribution, for health benefits coverage provided under P.L.2007,
4 c.103 (C.52:14-17.46.1 et seq.) and the State shall pay the
5 remainder of the premium or periodic charges for benefits provided
6 to a qualified retiree and the dependents of the retiree, and the cost
7 for reimbursement of Medicare premiums.

8 An employee who retired prior to the effective date of this act is
9 eligible for the coverage if the employee applies to the program for
10 it within one year after the effective date.

11 (cf: P.L.1995, c.357, s.1)

12
13 5. Section 7 of P.L.1964, c.125 (C.52:14-17.38) is amended to
14 read as follows:

15 7. a. The Division of Pensions and Benefits shall certify to the
16 certifying agent of each employer electing participation under the
17 program the premium rates and periodic charges applicable to the
18 coverage provided for employees and dependents. The
19 participating employer shall remit to the division all contributions
20 to premiums and periodic charges in advance of their due dates,
21 subject to the rules and regulations of the commission.

22 Notwithstanding the provisions of any other law to the contrary,
23 the obligations of a participating employer other than the State to
24 pay the premium or periodic charges for health benefits coverage
25 provided under P.L.1961, c.49 (C.52:14-17.25 et seq.) may be
26 determined by means of a binding collective negotiations
27 agreement. With respect to employees for whom there is no
28 majority representative for collective negotiations purposes, the
29 employer may, in its sole discretion, modify the respective payment
30 obligations set forth in law for the employer and such employees in
31 a manner consistent with the terms of any collective negotiations
32 agreement binding on the employer. Commencing on the effective
33 date of P.L. , c. (pending before the Legislature as this bill) and
34 upon the expiration of any applicable binding collective
35 negotiations agreement in force on that effective date, employees of
36 an employer other than the State shall pay 1.5 percent of base
37 salary, through the withholding of the contribution, for health
38 benefits coverage provided under P.L.1961, c.49 (C.52:14-17.25 et
39 seq.), notwithstanding any other amount that may be required
40 additionally pursuant to this paragraph by means of a binding
41 collective negotiations agreement or the modification of payment
42 obligations.

43 b. (1) From funds allocated therefor, the employer other than
44 the State, upon the adoption and submission to the division of an
45 appropriate resolution prescribed by the commission, may pay the
46 premium or periodic charges for the benefits provided to a retired
47 employee and the employee's dependents covered under the
48 program, if the employee retired from a State or locally-

1 administered retirement system, excepting the employee who
2 elected deferred retirement, and may also reimburse the retired
3 employee for the employee's premium charges under Part B of
4 Medicare covering the retired employee and the employee's spouse
5 if the employee:

- 6 (a) retired on a disability pension; or
7 (b) retired after 25 or more years of nonconcurrent service credit
8 in one or more State or locally-administered retirement systems,
9 excluding service credited under the Defined Contribution
10 Retirement Program established pursuant to P.L.2007, c.92
11 (C.43:15C-1 et al.), and a period of service of up to 25 years with
12 the employer at the time of retirement, such period of service to be
13 determined by the employer and set forth in an ordinance or
14 resolution as appropriate; or
15 (c) retired and reached the age of 65 years or older with 25
16 years or more of nonconcurrent service credit in one or more State
17 or locally-administered retirement systems, excluding service
18 credited under the Defined Contribution Retirement Program, and a
19 period of service of up to 25 years with the employer at the time of
20 retirement, such period of service to be determined by the employer
21 and set forth in an ordinance or resolution as appropriate; or
22 (d) retired and reached the age of 62 years or older with at least
23 15 years of service with the employer, excluding service credited
24 under the Defined Contribution Retirement Program.

25 "Retired employee and the employee's dependents" may, upon
26 adoption of an appropriate resolution therefor by the participating
27 employer, also include otherwise eligible employees, and their
28 dependents, who retired from one or more State or locally-
29 administered retirement systems prior to the date that the employer
30 became a participating employer in the New Jersey State Health
31 Benefits Program or who did not elect to continue coverage in the
32 program during such time after the employer became a participating
33 employer that the employer did not pay premium or periodic
34 charges for benefits to retired employees and their dependents
35 pursuant to this section. Eligibility and enrollment of such
36 employees and dependents shall be in accordance with such rules
37 and regulations as may be adopted by the State Health Benefits
38 Commission.

39 The employer other than the State may, by resolution, pay the
40 premium or periodic charges for the benefits provided to the
41 surviving spouse of a retired employee and the employee's
42 dependents covered under the program as provided in this section.

43 (2) Notwithstanding the provisions of any other law to the
44 contrary, the obligations of an employer other than the State, except
45 an independent State authority, board, commission, corporation,
46 agency, or organization deemed to be covered by section 6 of
47 P.L.1996, c.8 (C.52:14-17.28b) and except school boards whose
48 employees are covered by section 3 of P.L.1987, c.384 (C.52:14-

1 17.32f), section 2 of P.L.1992, c.126 (C.52:14-17.32f1) and section
2 1 of P.L.1995, c.357 (C.52:14-17.32f2), to pay the premium or
3 periodic charges for health benefits coverage under the provisions
4 of paragraph (1) may be determined by means of a binding
5 collective negotiations agreement, including any agreement in force
6 at the time of the adoption of this act, P.L.1999, c.48. With respect
7 to employees for whom there is no majority representative for
8 collective negotiations purposes, the employer may, in its sole
9 discretion, determine the payment obligations for the employer and
10 the employees, except that if there are collective negotiations
11 agreements binding upon the employer for employees who are
12 within the same community of interest as employees in a collective
13 negotiations unit but are excluded from participation in the unit by
14 the "New Jersey Employer-Employee Relations Act," P.L.1941,
15 c.100 (C.34:13A-1 et seq.), the payment obligations shall be
16 determined in a manner consistent with the terms of any collective
17 negotiations agreement applicable to the collective negotiations
18 unit. An employee who becomes a member of a State or locally-
19 administered retirement system on or after the effective date of
20 P.L. , c. (pending before the Legislature as this bill) shall pay in
21 retirement 1.5 percent of the retiree's monthly retirement
22 allowance, including any future cost-of-living adjustments, through
23 the withholding of the contribution, for health benefits coverage
24 provided under P.L.1961, c.49 (C.52:14-17.25 et seq.),
25 notwithstanding any other amount that may be required additionally
26 pursuant to this paragraph by means of a binding collective
27 negotiations agreement or the determination of payment obligations.

28 c. Notwithstanding the provisions of any other law to the
29 contrary, the payment obligations of an employee of an employer
30 other than the State, except an independent State authority, board,
31 commission, corporation, agency, or organization, for health
32 benefits coverage under subsection b. shall be the payment
33 obligations applicable to the employee on the date the employee
34 retires on a disability pension or the date the employee meets the
35 service credit and service requirements for the employer payment
36 for the coverage, as the case may be.

37 (cf: P.L.2007, c.92, s.30)

38

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

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

1 b. The obligations of any employer to pay the premium or
2 periodic charges for health benefits coverage provided under the
3 School Employees' Health Benefits Program Act, sections 31
4 through 41 of P.L.2007, c.103 (C.52:14-17.46.1 through C.52:14-
5 17.46.11), may be determined by means of a binding collective
6 negotiations agreement, including any agreement in force at the
7 time the employer commences participation in the School
8 Employees' Health Benefits Program. With respect to employees for
9 whom there is no majority representative for collective negotiations
10 purposes, the employer may, in its sole discretion, modify the
11 respective payment obligations set forth in law for the employer and
12 such employees in a manner consistent with the terms of any
13 collective negotiations agreement binding on the employer.

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

23 c. There is hereby established a School Employee Health
24 Benefits Program fund consisting of all contributions to premiums
25 and periodic charges remitted to the State treasury by participating
26 employers for employee coverage. All such contributions shall be
27 deposited in the fund and the fund shall be used to pay the portion
28 of the premium and periodic charges attributable to employee and
29 dependent coverage.

30 d. Notwithstanding any law to the contrary and except as
31 provided by amendment by P.L. _____, c. _____ (pending before the
32 Legislature as this bill), the payment in full of premium or periodic
33 charges for eligible retirees and their dependents pursuant to section
34 3 of P.L.1987, c.384 (C.52:14-17.32f), section 2 of P.L.1992, c.126
35 (C.52:14-17.32f1), or section 1 of P.L.1995, c.357 (C.52:14-
36 17.32f2) shall be continued without alteration or interruption and
37 there shall be no premium sharing or periodic charges for school
38 employees in retirement once they have met the criteria for vesting
39 for pension benefits, which criteria for purposes of this subsection
40 only shall mean the criteria for vesting in the Teachers' Pension and
41 Annuity Fund. For purposes of this subsection, "premium sharing or
42 periodic charges" shall mean payments by eligible retirees based
43 upon a proportion of the premiums for health care benefits.
44 (cf: P.L.2007, c.103, s.39)

45
46 7. Section 6 of P.L.1964, c.125 (C.52:14-17.37) is amended to
47 read as follows:

1 6. a. Any employer eligible for participation in the program
2 may elect such participation by the adoption of a resolution by its
3 governing body, which would include the name and title of a
4 certifying agent, and a certified copy of the resolution shall be filed
5 with the commission. Any employer making such election shall
6 become a participating employer under the program, subject to and
7 in accordance with the rules and regulations of the commission
8 relating thereto.

9 b. Notwithstanding the provisions of any other law to the
10 contrary, the availability of plans within the program may be
11 limited for employees of a participating employer other than the
12 State pursuant to a binding collective negotiations agreement
13 between the employer and its employees or pursuant to the
14 application by the employer, in its sole discretion, of the terms of
15 any collective negotiations agreement binding on the employer to
16 employees for whom there is no majority representative for
17 collective negotiations purpose. The commission shall implement
18 the terms of such an agreement, and the application of such terms,
19 with regard to plan availability for employees of the employer. The
20 commission may impose such restrictions on the terms as the
21 commission may deem necessary to ensure the effective and
22 efficient operation of the program. This subsection shall apply to
23 the State Health Benefits Program and the School Employees'
24 Health Benefits Program.

25 (cf: P.L.1964, c.125, s.6)

26
27 8. Section 5 of P.L.1964, c.125 (C.52:14-17.36) is amended to
28 read as follows:

29 5. a. The commission established by section 3 of chapter 49 of
30 the laws of 1961, is hereby authorized to prescribe rules and
31 regulations satisfactory to the carrier or carriers under which
32 employers may participate in the health benefits program provided
33 by that act. All provisions of that act will, except as expressly
34 stated herein, be construed as to participating employers and to
35 their employees and to dependents of such employees the same as
36 for the State, employees of the State and dependents of such
37 employees.

38 b. All changes in the provision of health care benefits through
39 the program that are included in collective negotiations agreements
40 between the State and its employees entered into on or after the
41 effective date of P.L. , c. (pending before the Legislature as this
42 bill) shall be made applicable by the commission to participating
43 employers and their employees at the same time and in the same
44 manner as to State employees. This subsection shall be applicable
45 to the State Health Benefits Program and to the School Employees'
46 Health Benefits Program to the extent not inconsistent with the

1 provisions of sections 31 through 41 of P.L.2007, c.103 (C.52:14-
2 17.46.1 et seq.).

3 (cf: P.L.1964, c.125, s.5)

4

5 9. Section 2 of P.L.1961, c.49 (C.52:14-17.26) is amended to
6 read as follows:

7 2. As used in this act:

8 (a) The term "State" means the State of New Jersey.

9 (b) The term "commission" means the State Health Benefits
10 Commission, created by section 3 of this act.

11 (c) (1) The term "employee" means an appointive or elective
12 officer, a full-time employee of the State of New Jersey, or a full-
13 time employee of an employer other than the State who appears on
14 a regular payroll and receives a salary or wages for an average of
15 the number of hours per week as prescribed by the governing body
16 of the participating employer which number of hours worked shall
17 be considered full-time, determined by resolution, and not less than
18 20. (2) After the effective date of P.L. , c. (pending before the
19 Legislature as this bill), the term "employee" means (i) a full-time
20 appointive or elective officer whose hours of work are fixed at 35 or
21 more per week, a full-time employee of the State, or a full-time
22 employee of an employer other than the State who appears on a
23 regular payroll and receives a salary or wages for an average of the
24 number of hours per week as prescribed by the governing body of
25 the participating employer which number of hours worked shall be
26 considered full-time, determined by resolution, and not less than 25,
27 or (ii) an appointive or elective officer, an employee of the State, or
28 an employee of an employer other than the State who has or is
29 eligible for health benefits coverage provided under P.L.1961, c.49
30 (C.52:14-17.25 et seq.) or sections 31 through 41 of P.L.2007, c.103
31 (C.52:14-17.46.1 et seq.) on that effective date and continuously
32 thereafter provided the officer or employee is covered by the
33 definition in paragraph (1) of this subsection. For the purposes of
34 this act an employee of Rutgers, The State University of New
35 Jersey, shall be deemed to be an employee of the State, and an
36 employee of the New Jersey Institute of Technology shall be
37 considered to be an employee of the State during such time as the
38 Trustees of the Institute are party to a contractual agreement with
39 the State Treasurer for the provision of educational services. The
40 term "employee" shall further mean, for purposes of this act, a
41 former employee of the South Jersey Port Corporation, who is
42 employed by a subsidiary corporation or other corporation, which
43 has been established by the Delaware River Port Authority pursuant
44 to subdivision (m) of Article I of the compact creating the Delaware
45 River Port Authority (R.S.32:3-2), as defined in section 3 of
46 P.L.1997, c.150 (C.34:1B-146), and who is eligible for continued
47 membership in the Public Employees' Retirement System pursuant
48 to subsection j. of section 7 of P.L.1954, c.84 (C.43:15A-7).

1 For the purposes of this act the term "employee" shall not
2 include persons employed on a short-term, seasonal, intermittent or
3 emergency basis, persons compensated on a fee basis, persons
4 having less than two months of continuous service or persons whose
5 compensation from the State is limited to reimbursement of
6 necessary expenses actually incurred in the discharge of their
7 official duties, provided, however, that the term "employee" shall
8 include persons employed on an intermittent basis to whom the
9 State has agreed to provide coverage under P.L.1961, c.49
10 (C.52:14-17.25 et seq.) in accordance with a binding collective
11 negotiations agreement. An employee paid on a 10-month basis,
12 pursuant to an annual contract, will be deemed to have satisfied the
13 two-month waiting period if the employee begins employment at
14 the beginning of the contract year. The term "employee" shall also
15 not include retired persons who are otherwise eligible for benefits
16 under this act but who, although they meet the age or disability
17 eligibility requirement of Medicare, are not covered by Medicare
18 Hospital Insurance, also known as Medicare Part A, and Medicare
19 Medical Insurance, also known as Medicare Part B. A determination
20 by the commission that a person is an eligible employee within the
21 meaning of this act shall be final and shall be binding on all parties.

22 (d) (1) The term "dependents" means an employee's spouse,
23 partner in a civil union couple or an employee's domestic partner as
24 defined in section 3 of P.L.2003, c.246 (C.26:8A-3), and the
25 employee's unmarried children under the age of 23 years who live
26 with the employee in a regular parent-child relationship. "Children"
27 shall include stepchildren, legally adopted children and children
28 placed by the Division of Youth and Family Services in the
29 Department of Children and Families, provided they are reported
30 for coverage and are wholly dependent upon the employee for
31 support and maintenance. A spouse, partner in a civil union couple,
32 domestic partner or child enlisting or inducted into military service
33 shall not be considered a dependent during the military service. The
34 term "dependents" shall not include spouses, partners in a civil
35 union couple or domestic partners of retired persons who are
36 otherwise eligible for the benefits under this act but who, although
37 they meet the age or disability eligibility requirement of Medicare,
38 are not covered by Medicare Hospital Insurance, also known as
39 Medicare Part A, and Medicare Medical Insurance, also known as
40 Medicare Part B.

41 (2) Notwithstanding the provisions of paragraph (1) of this
42 subsection to the contrary and subject to the provisions of paragraph
43 (3) of this subsection, for the purposes of an employer other than
44 the State that is participating in the State Health Benefits Program
45 pursuant to section 3 of P.L.1964, c.125 (C.52:14-17.34), the term
46 "dependents" means an employee's spouse or partner in a civil
47 union couple and the employee's unmarried children under the age
48 of 23 years who live with the employee in a regular parent-child

1 relationship. "Children" shall include stepchildren, legally adopted
2 children and children placed by the Division of Youth and Family
3 Services in the Department of Children and Families provided they
4 are reported for coverage and are wholly dependent upon the
5 employee for support and maintenance. A spouse, partner in a civil
6 union couple or child enlisting or inducted into military service
7 shall not be considered a dependent during the military service. The
8 term "dependents" shall not include spouses or partners in a civil
9 union couple of retired persons who are otherwise eligible for
10 benefits under P.L.1961, c.49 (C.52:14-17.25 et seq.) but who,
11 although they meet the age or disability eligibility requirement of
12 Medicare, are not covered by Medicare Hospital Insurance, also
13 known as Medicare Part A, and Medicare Medical Insurance, also
14 known as Medicare Part B.

15 (3) An employer other than the State that is participating in the
16 State Health Benefits Program pursuant to section 3 of P.L.1964,
17 c.125 (C.52:14-17.34) may adopt a resolution providing that the
18 term "dependents" as defined in paragraph (2) of this subsection
19 shall include domestic partners as provided in paragraph (1) of this
20 subsection.

21 (e) The term "carrier" means a voluntary association,
22 corporation or other organization, including a health maintenance
23 organization as defined in section 2 of the "Health Maintenance
24 Organizations Act," P.L.1973, c.337 (C.26:2J-2), which is lawfully
25 engaged in providing or paying for or reimbursing the cost of,
26 personal health services, including hospitalization, medical and
27 surgical services, under insurance policies or contracts, membership
28 or subscription contracts, or the like, in consideration of premiums
29 or other periodic charges payable to the carrier.

30 (f) The term "hospital" means (1) an institution operated
31 pursuant to law which is primarily engaged in providing on its own
32 premises, for compensation from its patients, medical diagnostic
33 and major surgical facilities for the care and treatment of sick and
34 injured persons on an inpatient basis, and which provides such
35 facilities under the supervision of a staff of physicians and with 24
36 hour a day nursing service by registered graduate nurses, or (2) an
37 institution not meeting all of the requirements of (1) but which is
38 accredited as a hospital by the Joint Commission on Accreditation
39 of Hospitals. In no event shall the term "hospital" include a
40 convalescent nursing home or any institution or part thereof which
41 is used principally as a convalescent facility, residential center for
42 the treatment and education of children with mental disorders, rest
43 facility, nursing facility or facility for the aged or for the care of
44 drug addicts or alcoholics.

45 (g) The term "State managed care plan" means a health care
46 plan under which comprehensive health care services and supplies
47 are provided to eligible employees, retirees, and dependents: (1)
48 through a group of doctors and other providers employed by the

1 plan; or (2) through an individual practice association, preferred
2 provider organization, or point of service plan under which services
3 and supplies are furnished to plan participants through a network of
4 doctors and other providers under contracts or agreements with the
5 plan on a prepayment or reimbursement basis and which may
6 provide for payment or reimbursement for services and supplies
7 obtained outside the network. The plan may be provided on an
8 insured basis through contracts with carriers or on a self-insured
9 basis, and may be operated and administered by the State or by
10 carriers under contracts with the State.

11 (h) The term "Medicare" means the program established by the
12 "Health Insurance for the Aged Act," Title XVIII of the "Social
13 Security Act," Pub.L.89-97 (42 U.S.C.s.1395 et seq.), as amended,
14 or its successor plan or plans.

15 (i) The term "traditional plan" means a health care plan which
16 provides basic benefits, extended basic benefits and major medical
17 expense benefits as set forth in section 5 of P.L.1961, c.49
18 (C.52:14-17.29) by indemnifying eligible employees, retirees, and
19 dependents for expenses for covered health care services and
20 supplies through payments to providers or reimbursements to
21 participants.

22 (j) The term "successor plan" means a State managed care plan
23 that shall replace the traditional plan and that shall provide benefits
24 as set forth in subsection (B) of section 5 of P.L.1961, c.49
25 (C.52:14-17.29) with provisions regarding reimbursements and
26 payments as set forth in paragraph (1) of subsection (C) of section 5
27 of P.L.1961, c.49 (C.52:14-17.29).

28 (cf: P.L.2008, c.89, s.15)

29

30 10. Section 32 of P.L.2007, c.103 (C.52:14-17.46.2) is amended
31 to read as follows:

32 32. As used in the School Employees' Health Benefits Program
33 Act, sections 31 through 41 of P.L.2007, c.103 (C.52:14-17.46.1
34 through C.52:14-17.46.11):

35 a. The term "State" means the State of New Jersey.

36 b. The term "commission" means the School Employees'
37 Health Benefits Commission, created by section 33 of P.L.2007,
38 c.103 (C.52:14-17.46.3).

39 c. The term "employer" means local school district, regional
40 school district, county vocational school district, county special
41 services school district, jointure commission, educational services
42 commission, State-operated school district, charter school, county
43 college, any officer, board, or commission under the authority of
44 the Commissioner of Education or of the State Board of Education,
45 and any other public entity which is established pursuant to
46 authority provided by Title 18A of the New Jersey Statutes, but
47 excluding the State public institutions of higher education and

1 excluding those public entities where the employer is the State of
2 New Jersey.

3 d. (1) The term "employee" means a person employed in any
4 full time capacity by an employer, and shall include persons defined
5 as a school employee by the regulations of the State Health Benefits
6 Commission in effect on the effective date of the School
7 Employees' Health Benefits Program Act. "Full-time" shall have the
8 same meaning as in the regulation of the State Health Benefits
9 Commission regarding local coverage in effect on the effective date
10 of the School Employees' Health Benefits Program Act. (2) After
11 the effective date of P.L. , c. (pending before the Legislature as
12 this bill), the term "employee" means (a) a person employed in any
13 full-time capacity by an employer who appears on a regular payroll
14 and receives a salary or wages for an average of the number of
15 hours per week as prescribed by the governing body of the
16 participating employer which number of hours worked shall be
17 considered full-time, determined by resolution, and not less than 25,
18 and shall include persons defined as a school employee by the
19 regulations of the State Health Benefits Commission in effect on the
20 effective date of the School Employees' Health Benefits Program
21 Act, or (b) a person employed in any full-time capacity by an
22 employer who has or is eligible for health benefits coverage
23 provided under P.L.1961, c.49 (C.52:14-17.25 et seq.) or sections
24 31 through 41 of P.L.2007, c.103 (C.52:14-17.46.1 et seq.) on that
25 effective date and continuously thereafter provided the person is
26 covered by the definition in paragraph (1) of this subsection. The
27 term "employee" shall not include persons employed on a short-
28 term, seasonal, intermittent, or emergency basis, persons
29 compensated on a fee basis, persons having less than two months of
30 continuous service or persons whose compensation is limited to
31 reimbursement of necessary expenses actually incurred in the
32 discharge of their official duties. An employee paid on a 10-month
33 basis, pursuant to an annual contract, shall be deemed to have
34 satisfied the two-month waiting period if the employee begins
35 employment at the beginning of the contract year. The term
36 "employee" shall also not include retired persons who are otherwise
37 eligible for benefits under the School Employees' Health Benefits
38 Program but who, although they meet the age or disability
39 eligibility requirement of Medicare, are not covered by Medicare
40 Hospital Insurance, also known as Medicare Part A, and Medicare
41 Medical Insurance, also known as Medicare Part B. A determination
42 by the commission that a person is an eligible employee for the
43 purposes of the School Employees' Health Benefits Program shall
44 be final and binding on all parties.

45 e. The term "dependents" means an employee's spouse,
46 domestic partner, or partner in a civil union couple, and unmarried
47 children under the age of 23 years who live in a regular parent/child
48 relationship. "Children" shall include stepchildren, legally adopted

1 children and children placed by the Division of Youth and Family
2 Services in the Department of Children and Families, provided they
3 are reported for coverage and are wholly dependent upon the
4 employee for support and maintenance. A spouse, domestic partner,
5 partner in a civil union couple, or child enlisting or inducted into
6 military service shall not be considered a dependent during the
7 military service. The term "dependents" shall not include spouses,
8 domestic partners, or partners in a civil union couple, of retired
9 persons who are otherwise eligible for the benefits under the School
10 Employees' Health Benefits Program but who, although they meet
11 the age or disability eligibility requirement of Medicare, are not
12 covered by Medicare Hospital Insurance, also known as Medicare
13 Part A, and Medicare Medical Insurance, also known as Medicare
14 Part B.

15 f. The term "carrier" means a voluntary association,
16 corporation or other organization, including but not limited to a
17 health maintenance organization as defined in section 2 of the
18 "Health Maintenance Organizations Act," P.L.1973, c.337 (C.26:2J-
19 2), which is lawfully engaged in providing or paying for or
20 reimbursing the cost of, personal health services, including
21 hospitalization, medical and surgical services under insurance
22 policies or contracts, membership or subscription contracts, or the
23 like, in consideration of premiums or other periodic charges payable
24 to the carrier.

25 g. The term "hospital" means:

26 (1) an institution operated pursuant to law which is primarily
27 engaged in providing on its own premises, for compensation from
28 its patients, medical diagnostic and major surgical facilities for the
29 care and treatment of sick and injured persons on an inpatient basis,
30 and which provides such facilities under the supervision of a staff
31 of physicians and with 24 hour a day nursing service by registered
32 graduate nurses, or

33 (2) an institution not meeting all of the requirements of
34 paragraph (1) but which is accredited as a hospital by the Joint
35 Commission on Accreditation of Hospitals. In no event shall the
36 term "hospital" include a convalescent nursing home or any
37 institution or part thereof which is used principally as a
38 convalescent facility, residential center for the treatment and
39 education of children with mental disorders, rest facility, nursing
40 facility or facility for the aged or for the care of drug addicts or
41 alcoholics.

42 h. The term "Medicare" means the program established by the
43 "Health Insurance for the Aged Act," Title XVIII of the "Social
44 Security Act," Pub.L.89-97 (42 U.S.C. s.1395 et seq.), as amended,
45 or its successor plan or plans.

46 i. The term "managed care plan" means a health care plan
47 under which comprehensive health care services and supplies are
48 provided to eligible employees, retirees, and dependents: (1)

1 through a group of doctors and other providers employed by the
2 plan; or (2) through an individual practice association, preferred
3 provider organization, or point of service plan under which services
4 and supplies are furnished to plan participants through a network of
5 doctors and other providers under contracts or agreements with the
6 plan on a prepayment or reimbursement basis and which may
7 provide for payment or reimbursement for services and supplies
8 obtained outside the network. The plan may be provided on an
9 insured basis through contracts with carriers or on a self-insured
10 basis, and may be operated and administered by the State or by
11 carriers under contracts with the State.

12 j. The term "successor plan" means a managed care plan that
13 shall replace the "traditional plan," as defined in section 2 of
14 P.L.1961, c.49 (C.52:14-17.26), and that shall provide benefits as
15 set forth in section 36 of P.L.2007, c.103 (C.52:14-17.46.6), and
16 provide out-of-network benefits to participants with a payment by
17 the plan of 80% of reasonable and customary charges as set forth in
18 section 37 of P.L.2007, c.103 (C.52:14-17.46.7) and as may be
19 adjusted in accordance with section 40 of P.L.2007, c.103 (C.52:14-
20 17.46.10).

21 (cf: P.L.2007, c.103, s.32)

22

23 11. Section 36 of P.L.1995, c.259 (C.52:14-17.31a) is amended
24 to read as follows:

25 36. a. Notwithstanding the provisions of any other law to the
26 contrary, an employer other than the State which participates in the
27 State Health Benefits Program, established pursuant to P.L.1961,
28 c.49 (C.52:14-17.25 et seq.), may allow any employee who is
29 eligible for other health care coverage to waive coverage under the
30 State Health Benefits Program to which the employee is entitled by
31 virtue of employment with the employer. The waiver shall be in
32 such form as the Director of the Division of Pensions and Benefits
33 shall prescribe and shall be filed with the division. After such
34 waiver has been filed and for so long as that waiver remains in
35 effect, no premium shall be required to be paid by the employer for
36 the employee or the employee's dependents. Not later than the
37 180th day after the date on which the waiver is filed, the division
38 shall refund to the employer the amount of any premium previously
39 paid by the employer with respect to any period of coverage which
40 followed the filing date.

41 b. Notwithstanding the provisions of any other law to the
42 contrary, the State as an employer, or an employer that is an
43 independent authority, commission, board, or instrumentality of the
44 State which participates in the State Health Benefits Program, may
45 allow any employee who is eligible for other health care coverage
46 that is not under the State Health Benefits Program to waive the
47 coverage under the State Health Benefits Program to which the
48 employee is entitled by virtue of employment with the employer.

1 The waiver shall be in such form as the Director of the Division of
2 Pensions and Benefits shall prescribe and shall be filed with the
3 division.

4 c. In consideration of filing a waiver as permitted in
5 subsections a. and b. of this section, an employer may pay to the
6 employee annually an amount, to be established in the sole
7 discretion of the employer, which shall not exceed 50% of the
8 amount saved by the employer because of the employee's waiver of
9 coverage, and, for a waiver filed on or after the effective date of
10 P.L. , c. (pending before the Legislature as this bill), which shall
11 not exceed 25%, or \$5,000, whichever is less, of the amount saved
12 by the employer because of the employee's waiver of coverage. An
13 employee who waives coverage shall be permitted to immediately
14 resume coverage if the employee ceases to be eligible for other
15 health care coverage for any reason, including, but not limited to,
16 the retirement or death of the spouse or divorce. An employee who
17 resumes coverage shall repay, on a pro rata basis, any amount
18 received from the employer which represents an advance payment
19 for a period of time during which coverage is resumed. An
20 employee who wishes to resume coverage shall notify the employer
21 in writing and file a declaration with the division, in such form as
22 the director of the division shall prescribe, that the waiver is
23 revoked. The decision of an employer to allow its employees to
24 waive coverage and the amount of consideration to be paid therefor
25 shall not be subject to the collective bargaining process.
26 (cf: P.L.2008, c.89, s.2)

27
28 12. Section 7 of P.L.1961, c.49 (C.52:14-17.31) is amended to
29 read as follows:

30 7. The coverage provided solely for employees shall, subject to
31 the provisions below, automatically become effective for all eligible
32 employees from the first day on or after the effective date of the
33 program on which they satisfy the definition of "employee"
34 contained in this act. The commission shall establish the rules and
35 regulations governing the enrollment and effective dates of
36 coverage of dependents of employees it deems necessary or
37 desirable. The rules and regulations shall not defer coverage with
38 respect to any qualified dependent an employee has on the date the
39 employee's employer becomes a participating employer, provided
40 the employee was, immediately prior to the date, insured with
41 respect to the dependent under a group insurance plan of the
42 employer which was in effect immediately prior to the date. Under
43 the rules and regulations established by the commission, each
44 employee shall be given the opportunity to enroll for coverage for
45 dependents as of the earliest date the employee becomes eligible for
46 enrollment. With respect to the traditional plan, an employee may
47 elect to enroll dependents for both basic coverage and major

1 medical expense coverage but may not enroll for either coverage
2 alone.

3 In the event that the group health plan which covered an
4 employee or dependents immediately prior to the date the
5 employee's employer becomes a participating employer provides,
6 after termination of coverage thereunder, any continuation of
7 benefits, or would so provide in the absence of coverage pursuant to
8 this act, no coverage shall be afforded pursuant to this act for any
9 such expenses (i) which are covered, or which would be covered in
10 the absence of coverage pursuant to this act, in whole or in part, by
11 the prior insurance plan or (ii) which may be used in satisfaction of
12 any deductible requirement under the prior insurance plan to
13 establish entitlement to the continuation of benefits.

14 Each employee shall furnish the Division of Pensions and
15 Benefits, in the prescribed form, the information necessary on
16 account of the employee's own coverage and necessary to enroll
17 dependents. Any employee not desiring coverage at the time the
18 employee first becomes eligible, shall give the division written
19 notice of that fact in the form prescribed by the division. The
20 employee may not enroll thereafter except at the times and under
21 the conditions prescribed by the commission.

22 **【**If an employee of an employer other than the State eligible for
23 coverage has a spouse who is also an employee of an employer
24 other than the State eligible for coverage, the spouse may elect
25 single coverage as an employee and to enroll as a dependent, in
26 which event no coverage shall be provided for such spouse as an
27 employee while covered as a dependent. The employee of an
28 employer other than the State, who has enrolled such spouse, and
29 who is required to pay the full cost of dependent coverage, may
30 receive a refund from the State Division of Pensions and Benefits
31 equivalent in amount to the employer's cost for an employee's
32 coverage. When both husband and wife are covered as employees,
33 only one may enroll for their children as dependents.

34 A similar refund shall be authorized pursuant to such rules and
35 regulations as the commission deems necessary or desirable in the
36 case of an employee of an employer other than the State who is
37 paying the full cost of dependent coverage for a spouse who is an
38 employee of the State and eligible for coverage.

39 If a husband and wife are both eligible for coverage under the
40 program as employees:

41 a. each may elect coverage for himself or herself as an
42 employee and for their qualified dependents, including the spouse,
43 in any plan offered other than a health maintenance organization,
44 but only one may elect coverage for himself or herself and for their
45 qualified dependents, including the spouse, in a participating health
46 maintenance organization; and

47 b. each may elect single coverage in any participating health
48 maintenance organization, provided that he or she is not covered

1 under the participating health maintenance organization as a
2 dependent of his or her spouse.】

3 Any person employed as a substitute teacher by a school district
4 and who provides evidence of coverage under another health
5 benefits program may waive coverage for the current school year on
6 or after the date on which the person becomes an employee eligible
7 for coverage.

8 Multiple coverage in the program as an employee, dependent, or
9 retiree shall be prohibited and the prohibition shall be implemented
10 in accordance with the rules and regulations promulgated by the
11 commission. The provisions of this paragraph shall be applicable to
12 the State Health Benefits Program and to the School Employees'
13 Health Benefits Program to the extent not inconsistent with
14 provisions of sections 31 through 41 of P.L.2007, c.103 (C.52:14-
15 17.46.1 et seq.).

16 (cf: P.L.2007, c.103, s.25)

17

18 ¹13. Section 6 of P.L.1979, c.391 (C.18A:16-17) is amended to
19 read as follows:

20 6. a. Any local board of education entering into a contract
21 pursuant to this act is authorized to pay part or all of the premiums
22 or charges for such contracts and may appropriate out of its general
23 funds any money necessary to pay such premiums or charges or
24 portions thereof.

25 The contribution required of any employee toward the cost of
26 such coverage may be deducted from the pay, salary or other
27 compensation of such employee upon authorization in writing made
28 to the local board of education.

29 The local board of education may reimburse an active employee
30 for his premium charges under Part B of the Federal Medicare
31 Program covering the employee alone.

32 Nothing herein shall be construed as compelling a local board of
33 education to pay any portion of the premiums or charges
34 attributable to such contracts.

35 b. Commencing on the effective date of P.L. , c. (pending
36 before the Legislature as this bill) and upon the expiration of any
37 applicable binding collective negotiations agreement in force on
38 that effective date, employees of a local board of education shall
39 pay 1.5 percent of base salary, through the withholding of the
40 contribution from the pay, salary or other compensation, for health
41 care benefits coverage provided pursuant to P.L.1979, c.391
42 (C.18A:16-12 et seq.), notwithstanding any other amount that may
43 be required additionally pursuant to subsection a. of this section for
44 such coverage. This subsection shall apply also when the health
45 care benefits coverage is provided through an insurance fund or
46 joint insurance fund or in any other manner.¹

47 (cf: P.L.1979, c.391, s.6)

1 ¹14. N.J.S.40A:10-21 is amended to read as follows:

2 40A:10-21. a. Any employer entering into a contract pursuant
3 to this subarticle is hereby authorized to pay part or all of the
4 premiums or charges for the contracts and may appropriate out of
5 its general funds any money necessary to pay premiums or charges
6 or portions thereof. The contribution required of any employee
7 toward the cost of coverage may be deducted from the pay, salary
8 or other compensation of the employee upon an authorization in
9 writing made to the appropriate disbursing officer.

10 The employer may reimburse an active employee for his
11 premium charges under Part B of the Federal Medicare Program
12 covering the employee alone.

13 Nothing herein shall be construed as compelling an employer to
14 pay any portion of the premiums or charges attributable to the
15 contracts.

16 b. Commencing on the effective date of P.L. , c. (pending
17 before the Legislature as this bill) and upon the expiration of any
18 applicable binding collective negotiations agreement in force on
19 that effective date, employees of an employer shall pay 1.5 percent
20 of base salary, through the withholding of the contribution from the
21 pay, salary or other compensation, for health care benefits coverage
22 provided pursuant to N.J.S.40A:10-17, notwithstanding any other
23 amount that may be required additionally pursuant to subsection a.
24 of this section for such coverage. This subsection shall apply also
25 when the health care benefits coverage is provided through an
26 insurance fund or joint insurance fund or in any other manner. This
27 subsection shall apply to any agency, board, commission, authority,
28 or instrumentality of a local unit.¹

29 (cf: N.J.S.40A:10-21)

30

31 ¹15. N.J.S.40A:10-23 is amended to read as follows:

32 40A:10-23. a. Retired employees shall be required to pay for
33 the entire cost of coverage for themselves and their dependents at
34 rates which are deemed to be adequate to cover the benefits, as
35 affected by Medicare, of the retired employees and their dependents
36 on the basis of the utilization of services which may be reasonably
37 expected of the older age classification; provided, however, that the
38 total rate payable by a retired employee for himself and his
39 dependents, for coverage under the contract and for Part B of
40 Medicare, shall not exceed by more than 25% the total amount that
41 would have been required to have been paid by the employee and
42 his employer for the coverage maintained had he continued in office
43 or active employment and he and his dependents were not eligible
44 for Medicare benefits.

45 The employer may, in its discretion, assume the entire cost or a
46 portion of the cost of such coverage and pay all or a portion of the
47 premiums for employees a. who have retired on a disability pension,
48 or b. who have retired after 25 years or more of service credit in a

1 State or locally administered retirement system and a period of
2 service of up to 25 years with the employer at the time of
3 retirement, such period of service to be determined by the employer
4 and set forth in an ordinance or resolution as appropriate, or c. who
5 have retired and reached the age of 65 years or older with 25 years
6 or more of service credit in a State or locally administered
7 retirement system and a period of service of up to 25 years with the
8 employer at the time of retirement, such period of service to be
9 determined by the employer and set forth in an ordinance or
10 resolution as appropriate, or d. who have retired and reached the age
11 of 62 years or older with at least 15 years of service with the
12 employer, including the premiums on their dependents, if any,
13 under uniform conditions as the governing body of the local unit
14 shall prescribe. The period of time a county law enforcement
15 officer has been employed by any county or municipal police
16 department, sheriff's department or county prosecutor's office, may
17 be counted cumulatively as "service with the employer" for the
18 purpose of qualifying for payment of health insurance premiums by
19 the county pursuant to this section.

20 b. An employee who becomes a member of a State or locally-
21 administered retirement system on or after the effective date of
22 P.L. , c. (pending before the Legislature as this bill) shall pay in
23 retirement 1.5 percent of the retiree's monthly retirement
24 allowance, including any future cost-of-living adjustments, through
25 the withholding of the contribution from the monthly retirement
26 allowance, for health care benefits coverage provided under
27 N.J.S.40A:10-22, notwithstanding any other amount that may be
28 required additionally by the employer or through a collective
29 negotiations agreement for such coverage. This subsection shall
30 apply also when the health care benefits coverage is provided
31 through an insurance fund or joint insurance fund or in any other
32 manner. This subsection shall apply to any agency, board,
33 commission, authority, or instrumentality of a local unit.¹

34 (cf: P.L.1995, c.136, s.1)

35

36 ¹16. (New section) Commencing on the effective date of
37 P.L. , c. (pending before the Legislature as this bill) and upon
38 the expiration of any applicable binding collective negotiations
39 agreement in force on that effective date, employees of a county
40 college shall pay 1.5 percent of base salary, through the withholding
41 of the contribution from the pay, salary or other compensation, for
42 health care benefits coverage provided by the employer,
43 notwithstanding any other amount that may be required additionally
44 by the employer or through collective negotiations agreements for
45 such coverage. This section shall apply also when the health care
46 benefits coverage is provided through an insurance fund or joint
47 insurance fund or in any other manner.¹

1 ¹17. Section 3 of P.L.2003, c.3 (C.18A:64A-13.1) is amended to
2 read as follows:

3 3. Notwithstanding the provisions of any other law to the
4 contrary, a county college that enters into a contract providing group
5 health care benefits to its employees may allow any employee who is
6 eligible for other health care coverage to waive coverage under the
7 county college's plan to which the employee is entitled by virtue of
8 employment with the county college. The waiver shall be in such
9 form as the county college shall prescribe and shall be filed with the
10 county college. In consideration of filing such a waiver, a county
11 college may pay to the employee annually an amount, to be established
12 in the sole discretion of the county college, which shall not exceed
13 50% of the amount saved by the county college because of the
14 employee's waiver of coverage, and, for a waiver filed on or after the
15 effective date of P.L. _____, c. _____ (pending before the Legislature as this
16 bill), which shall not exceed 25%, or \$5,000, whichever is less, of the
17 amount saved by the county college because of the employee's waiver
18 of coverage. An employee who waives coverage shall be permitted to
19 resume coverage under the same terms and conditions as apply to
20 initial coverage if the employee ceases to be covered through the other
21 health care coverage for any reason, including, but not limited to, the
22 retirement or death of the employee's spouse or divorce. An employee
23 who resumes coverage shall repay, on a pro rata basis, any amount
24 received which represents an advance payment for a period of time
25 during which coverage is resumed. An employee who wishes to
26 resume coverage shall file a declaration with the county college in
27 such form as the county college shall prescribe, that the waiver is
28 revoked. The decision of a county college to allow its employees to
29 waive coverage and the amount of consideration to be paid therefor
30 shall not be subject to the collective bargaining process.¹

31 (cf: P.L.2003, c.3, s.3)

32

33 ¹18. Section 37 of P.L.1995, c.259 (C.40A:10-17.1) is amended to
34 read as follows:

35 37. Notwithstanding the provisions of any other law to the
36 contrary, a county, municipality or any contracting unit as defined in
37 section 2 of P.L.1971, c.198 (C.40A:11-2) which enters into a contract
38 providing group health care benefits to its employees pursuant to
39 N.J.S.40A:10-16 et seq., may allow any employee who is eligible for
40 other health care coverage to waive coverage under the county's,
41 municipality's or contracting unit's plan to which the employee is
42 entitled by virtue of employment with the county, municipality or
43 contracting unit. The waiver shall be in such form as the county,
44 municipality or contracting unit shall prescribe and shall be filed with
45 the county, municipality or contracting unit. In consideration of filing
46 such a waiver, a county, municipality or contracting unit may pay to
47 the employee annually an amount, to be established in the sole
48 discretion of the county, municipality or contracting unit, which shall

1 not exceed 50% of the amount saved by the county, municipality or
2 contracting unit because of the employee's waiver of coverage, and,
3 for a waiver filed on or after the effective date of P.L. , c. (pending
4 before the Legislature as this bill), which shall not exceed 25%, or
5 \$5,000, whichever is less, of the amount saved by the county,
6 municipality or contracting unit because of the employee's waiver of
7 coverage. An employee who waives coverage shall be permitted to
8 resume coverage under the same terms and conditions as apply to
9 initial coverage if the employee ceases to be covered through the
10 employee's spouse for any reason, including, but not limited to, the
11 retirement or death of the spouse or divorce. An employee who
12 resumes coverage shall repay, on a pro rata basis, any amount received
13 which represents an advance payment for a period of time during
14 which coverage is resumed. An employee who wishes to resume
15 coverage shall file a declaration with the county, municipality or
16 contracting unit, in such form as the county, municipality or
17 contracting unit shall prescribe, that the waiver is revoked. The
18 decision of a county, municipality or contracting unit to allow its
19 employees to waive coverage and the amount of consideration to be
20 paid therefor shall not be subject to the collective bargaining process.¹
21 (cf: P.L.2003. c.3, s.1)

22

23 ¹**[13.] 19.**¹ This act shall take effect on the 60th day following
24 enactment.