

## Memorandum

To: Distribution

From: Henry Matwiejewicz  
Director's Office

Date: March 24, 2010

Subject: New Legislation Notice: Chapter 2, P.L. 2010

The following law has been recently enacted:

### **Chapter 2, P.L. 2010**

(Formerly Senate Bill No. 3 (1R))

**Sponsors:** Doherty/Whelan/Oliver/DeCroce + 23

**Date Approved:** March 22, 2010.

**Effective Date:** May 21, 2010.

**Division's Section(s) Affected by this Law:** SHBP/SEHBP.

#### **Description:**

This new law makes various changes to the State Health Benefits Program (SHBP) and the School Employees' Health Benefits Program (SEHBP) concerning eligibility, cost sharing, choice of a plan, the application of benefit changes, the waiver of coverage and multiple coverage under such plans. It also requires contributions toward the cost of health care benefits coverage by public employees and certain retirees.

#### **Sections 1 through 6:**

These sections require, after the law's effective date and the expiration of any applicable binding collective negotiations agreement, that active employees of the State, local governments, and boards of education will contribute 1.5 percent of base salary toward the cost of health care coverage under the SHBP and the SEHBP. Employees of the State, local governments, and board of educations who become a member of a State or locally-administered retirement system on or after the law's effective date would be required to pay in retirement 1.5 percent of their pension benefit toward the cost of health care coverage under the SHBP and the SEHBP. For State and local government employees and retirees and for board of education employees, this amount will be in addition to any other amount that maybe required through the collective negotiations process for employees with a majority representative for collective negotiations and, for those without such a representative, through the application of the terms of a collective negotiations agreement upon them. The contribution required for new State employees in

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retirement will not be waived for a retiree who participates in the New Jersey Retirees' Wellness Program.

### **Section 7:**

This section provides local governments, including local boards of education, with the ability to limit, through collective negotiations agreements with their active employees, the choice of plans offered by the SHBP or the SEHBP.

### **Section 8:**

This section requires that changes in the provision of health care benefits through the SHBP and the SEHBP that are included in collective negotiations agreements between the State and its employees be applied to local government employees including school employees at the same time and in the same manner as to State employees.

### **Section 9 and 10:**

These sections provide that, after the law's effective date, enrollment in the SHBP will be limited to a person who: 1) is a full-time appointive or elective officer of the State or local government whose hours of work are fixed at 35 or more per week, a full-time employee of the State, or a full-time employee of an employer other than the State whose hours of work are fixed by the governing body at not less than 25 per week; or 2) an appointive or elective officer, an employee of the State, or an employee of an employer other than the State who has or is eligible for health benefits coverage in SHBP on that effective date and continuously thereafter. This law similarly limits enrollment in the SEHBP to persons employed full-time whose hours of work are fixed by the governing body at not less than 25 per week.

### **Section 11:**

This section incorporates a recommendation of the Joint Legislative Committee on Public Employee Benefits Reform that was partly implemented by the enactment of P.L.2007, c.92 and P.L.2008, c.89. This law implements the recommendation that the waiver incentive be set at 25% of the amount saved by the employer and goes further to cap the amount at \$5,000. This will apply to waivers filed after the law's effective date.

### **Section 12:**

This section prohibits multiple coverage in the SHBP and the SEHBP in accordance with the rules and regulations promulgated by the State Health Benefits Commission and the School Employees' Health Benefits Commission.

**Sections 13 to 18:**

These sections makes changes that would affect those public employees who do not receive health care benefits coverage by the SHBP or the SEHBP. Specifically, this law requires employees of a local board of education, a county, a municipality, and a county college to pay 1.5 percent of their base salary for the health care benefits coverage provided by their employers, notwithstanding any other amount that may be required additionally by contract with such employers. This law also requires a local employee who becomes a member of a State or locally administered retirement system on or after the law's effective date to pay in retirement 1.5 percent of their monthly allowance, including cost of living adjustments, for health care benefits coverage. This law changes the health care benefits waiver amount for employees of a county, municipality or county college from 50% to 25%, or \$5,000, whichever is less, of the amount saved by the employer because of the employee's waiver of such coverage.

**To view the new law, click here: [Chapter 2, P.L. 2010](#)**