

CHAPTER 2

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

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

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

C.52:14-17.28b Determination of obligation of State agencies to pay premium; periodic charges; cost sharing.

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

b. (1) Notwithstanding the provisions of any other law to the contrary, for each State employee who accrues 25 years of nonconcurrent service credit in one or more State or locally-administered retirement systems before July 1, 1997, excepting the employee who elects deferred retirement, the State, upon the employee's retirement, shall pay the full cost of the premium or periodic charges for the health benefits provided to a retired State employee and dependents covered under the State Health Benefits Program, but not including survivors, and shall also reimburse the retired employee for premium charges under Part B of Medicare covering the retired employee and the employee's spouse.

(2) Notwithstanding the provisions of any other law to the contrary, and except as otherwise provided by section 8 of P.L.1961, c.49 (C.52:14-17.32) as amended by P.L.2005, c.341, and by subsection c. of this section, for each State employee who accrues 25 years of nonconcurrent service credit in one or more State or locally-administered retirement systems on or after July 1, 1997, excepting the employee who elects deferred retirement, the State, upon the employee's retirement, shall pay the premium or periodic charges for the health benefits provided to a retired State employee and dependents covered under the State Health Benefits Program, but not including survivors, and shall reimburse the retired employee for premium charges under Part B of Medicare covering the retired employee and the employee's spouse: (a) in accordance with the provisions, if any, concerning health benefits coverage in retirement which are in the collective negotiations agreement applicable to the employee at

the time of the employee's accrual of 25 years of nonconcurrent service credit in one or more State or locally-administered retirement systems, or (b) if the employee has no majority representative for collective negotiations purposes, in a manner consistent with the terms, if any, concerning health benefits coverage in retirement which are in any collective negotiations agreement deemed applicable by the State Health Benefits Commission to that employee at the time of the employee's accrual of 25 years of nonconcurrent service credit in one or more State or locally-administered retirement systems. The terms for the payment of premiums or periodic charges established pursuant to this paragraph for the traditional plan shall apply to the successor plan, and the terms for the payment of premiums or periodic charges established pursuant to this paragraph for the NJ PLUS plan shall apply to the State managed care plan required to be included in a contract entered into pursuant to subsection c. of section 4 of P.L.1961, c.49 (C.52:14-17.28).

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

(2) The amount of the contribution required pursuant to paragraph (1) of this subsection as to State employees and employees of an independent State authority, board, commission, corporation, agency, or organization for whom there is a majority representative for collective negotiations purposes shall be determined by means of a binding collective negotiations agreement. Commencing on the effective date of P.L.2010, c.2 and upon the expiration of any applicable binding collective negotiations agreement in force on that effective date, the amount of the contribution required pursuant to paragraph (1) of this subsection by State employees and employees of an independent State authority, board, commission, corporation, agency, or organization for whom there is a majority representative for collective negotiations purposes shall be 1.5% of base salary, notwithstanding any other amount that may be required additionally pursuant to this paragraph by means of a binding collective negotiations agreement.

The amount of the contribution required pursuant to paragraph (1) of this subsection as to State employees for whom there is no majority representative for collective negotiations purposes shall be determined in a manner consistent with the terms, if any, concerning health benefits coverage which are in a collective negotiations agreement deemed applicable by the commission to the employee. The amount of the contribution required pursuant to paragraph (1) of this subsection as to employees of an independent State authority, board, commission, corporation, agency, or organization for whom there is no majority representative for collective negotiations purposes shall be determined in a manner consistent with the terms, if any, concerning health benefits coverage which are in a collective negotiations agreement deemed applicable by the employer to the employee. The amount of the contribution required pursuant to paragraph (1) of this subsection as to State employees or employees of an independent State authority, board, commission, corporation, agency, or organization for whom there is no majority representative for collective negotiations purposes shall be 1.5 percent of base salary, notwithstanding any other amount that may be required additionally pursuant to this paragraph by means of the application of the terms of a binding collective negotiations agreement.

(3) Except as provided in paragraph (5) of this subsection, the cost of benefits provided pursuant to P.L.1961, c.49 (C.52:14-17.25 et seq.) shall be shared by retirees to whom this

subsection applies through the withholding of a contribution in an amount as determined in accordance with paragraph (4) of this subsection.

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

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

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

(7) The contribution required pursuant to this subsection may be terminated only upon withdrawal from all health care benefits coverage as an employee or retiree, other than coverage for dental benefits, and the submission to the commission of written certification by the employee that the employee is covered by other health care benefits and that those benefits are in force. The commission shall not apply the written certification requirement to

retirees or to employees to whom Article VI, Section VI, paragraph 6 of the New Jersey Constitution applies.

d. The amount of contribution required pursuant to paragraph (3) of subsection c. of this section in retirement as to a State employee and employee of an independent State authority, board, commission, corporation, agency, or organization who becomes a member of a State or locally-administered retirement system on or after the effective date of P.L.2010, c.2, for whom there is a majority representative for collective negotiations purposes and for whom there is no such representative, shall be 1.5 percent of the retiree's monthly retirement allowance, including any future cost-of-living adjustments, or with respect to members of the alternate benefit program, an amount determined pursuant to the formula specified in paragraph (4) of subsection c. of this section, notwithstanding any other amount that may be required additionally pursuant to paragraph (4) of subsection c. of this section by means of a binding collective negotiations agreement or by means of the application of the terms of such an agreement. The contribution required by this subsection or pursuant to paragraph (4) of subsection c. of this section for officers or employees specified in this subsection shall not be waived for a retiree who participates in the New Jersey Retirees' Wellness Program.

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

C.52:14-17.32f Retired teachers' eligibility, limitation.

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

A qualified retiree is a retiree who:

- a. Retired on a benefit based on 25 or more years of service credit;
- b. Retired on a disability pension based on fewer years of service credit; or
- c. Elected deferred retirement based on 25 or more years of service credit and who receives a retirement allowance.

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

The premium or periodic charges for benefits provided to a qualified retiree and the dependents of the retiree, and the cost for reimbursement of Medicare premiums shall be paid by the State. An employee who becomes a member of the Teachers' Pension and Annuity Fund on or after the effective date of P.L.2010, c.2 shall pay as a qualified retiree 1.5 percent of the retiree's monthly retirement allowance, including any future cost-of-living adjustments, through the withholding of the contribution, for health benefits coverage provided under P.L.2007, c.103 (C.52:14-17.46.1 et seq.) and the State shall pay the remainder of the premium or periodic charges for benefits provided to a qualified retiree and the dependents of the retiree, and the cost for reimbursement of Medicare premiums.

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

C.52:14-17.32f1 Applicability of C.52:14-17.32f.

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

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

b. any employee of a county college who retires on a benefit or benefits based in the aggregate upon 25 or more years of nonconcurrent service credit in one or more State or locally-administered retirement systems, or retires on a disability pension based upon fewer years of service credit in that system or systems, or elected deferred retirement based in the aggregate upon 25 or more years of nonconcurrent service credit in one or more State or locally-administered retirement systems and receives a retirement allowance from that system or systems; or who receives a disability benefit pursuant to section 18 of P.L.1969, c.242 (C.18A:66-184); and

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

The costs of the premium or periodic charges for the benefits and reimbursement of medicare premiums provided to a retiree and the dependents of the retiree under this section shall be paid by the State. An employee who becomes a member of a State or locally-administered retirement system on or after the effective date of P.L.2010, c.2 shall pay as a qualified retiree 1.5 percent of the retiree's monthly retirement allowance, including any future cost-of-living adjustments, through the withholding of the contribution, for health benefits coverage provided under P.L.2007, c.103 (C.52:14-17.46.1 et seq.) and the State shall pay the remainder of the premium or periodic charges for benefits provided to a qualified retiree and the dependents of the retiree, and the cost for reimbursement of Medicare premiums.

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

C.52:14-17.32f2 Applicability of C.52:14-17.32f; coverage.

1. The provisions of section 3 of P.L.1987, c.384 (C.52:14-17.32f) shall apply to any employee of a board of education who is a member of a pension fund created prior to January 5, 1996 under the provisions of article 2 of chapter 66 of Title 18A of the New Jersey Statutes (N.J.S.18A:66-94 et seq.) and who retires on a benefit based upon 25 or more years

of service credit in the pension fund, or retires on a disability pension based upon fewer years of service credit in that pension fund, or elected deferred retirement based upon 25 or more years of service credit and receives a retirement allowance from that pension fund, except that the costs of the premium or periodic charges for the benefits and reimbursement of medicare premiums provided to a retiree and the dependents of the retiree under this section shall be paid by the State. An employee who becomes a member of the pension fund on or after the effective date of P.L.2010, c.2 shall pay in retirement 1.5 percent of the retiree's monthly retirement allowance, including any future cost-of-living adjustments, through the withholding of the contribution, for health benefits coverage provided under P.L.2007, c.103 (C.52:14-17.46.1 et seq.) and the State shall pay the remainder of the premium or periodic charges for benefits provided to a qualified retiree and the dependents of the retiree, and the cost for reimbursement of Medicare premiums.

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

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

C.52:14-17.38 Certification of premium rates, charges; Medicare premiums; employer obligations.

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

Notwithstanding the provisions of any other law to the contrary, the obligations of a participating employer other than the State to pay the premium or periodic charges for health benefits coverage provided under P.L.1961, c.49 (C.52:14-17.25 et seq.) may be determined by means of a binding collective negotiations agreement. With respect to employees for whom there is no majority representative for collective negotiations purposes, the employer may, in its sole discretion, modify the respective payment obligations set forth in law for the employer and such employees in a manner consistent with the terms of any collective negotiations agreement binding on the employer. Commencing on the effective date of P.L.2010, c.2 and upon the expiration of any applicable binding collective negotiations agreement in force on that effective date, employees of an employer other than the State shall pay 1.5 percent of base salary, through the withholding of the contribution, for health benefits coverage provided under P.L.1961, c.49 (C.52:14-17.25 et seq.), notwithstanding any other amount that may be required additionally pursuant to this paragraph by means of a binding collective negotiations agreement or the modification of payment obligations.

b. (1) From funds allocated therefor, the employer other than the State, upon the adoption and submission to the division of an appropriate resolution prescribed by the commission, may pay the premium or periodic charges for the benefits provided to a retired employee and the employee's dependents covered under the program, if the employee retired from a State or locally-administered retirement system, excepting the employee who elected deferred retirement, and may also reimburse the retired employee for the employee's premium charges under Part B of Medicare covering the retired employee and the employee's spouse if the employee:

(a) retired on a disability pension; or

(b) retired after 25 or more years of nonconcurrent service credit in one or more State or locally-administered retirement systems, excluding service credited under the Defined Contribution Retirement Program established pursuant to P.L.2007, c.92 (C.43:15C-1 et al.), and a period of service of up to 25 years with the employer at the time of retirement, such period of service to be determined by the employer and set forth in an ordinance or resolution as appropriate; or

(c) retired and reached the age of 65 years or older with 25 years or more of nonconcurrent service credit in one or more State or locally-administered retirement systems, excluding service credited under the Defined Contribution Retirement Program, and a period of service of up to 25 years with the employer at the time of retirement, such period of service to be determined by the employer and set forth in an ordinance or resolution as appropriate; or

(d) retired and reached the age of 62 years or older with at least 15 years of service with the employer, excluding service credited under the Defined Contribution Retirement Program.

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

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

(2) Notwithstanding the provisions of any other law to the contrary, the obligations of an employer other than the State, except an independent State authority, board, commission, corporation, agency, or organization deemed to be covered by section 6 of P.L.1996, c.8 (C.52:14-17.28b) and except school boards whose employees are covered by section 3 of P.L.1987, c.384 (C.52:14-17.32f), section 2 of P.L.1992, c.126 (C.52:14-17.32f1) and section 1 of P.L.1995, c.357 (C.52:14-17.32f2), to pay the premium or periodic charges for health benefits coverage under the provisions of paragraph (1) may be determined by means of a binding collective negotiations agreement, including any agreement in force at the time of the adoption of this act, P.L.1999, c.48. With respect to employees for whom there is no majority representative for collective negotiations purposes, the employer may, in its sole discretion, determine the payment obligations for the employer and the employees, except that if there are collective negotiations agreements binding upon the employer for employees who are within the same community of interest as employees in a collective negotiations unit but are excluded from participation in the unit by the "New Jersey Employer-Employee Relations Act," P.L.1941, c.100 (C.34:13A-1 et seq.), the payment obligations shall be determined in a manner consistent with the terms of any collective negotiations agreement applicable to the collective negotiations unit. An employee who becomes a member of a State or locally-administered retirement system on or after the effective date of P.L.2010, c.2 shall pay in retirement 1.5 percent of the retiree's monthly retirement allowance, including any future cost-of-living adjustments, through the withholding of the contribution, for health

benefits coverage provided under P.L.1961, c.49 (C.52:14-17.25 et seq.), notwithstanding any other amount that may be required additionally pursuant to this paragraph by means of a binding collective negotiations agreement or the determination of payment obligations.

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

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

C.52:14-17.46.9 Obligations of employer for charges for benefits; School Employee Health Benefits Program fund.

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

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

Commencing on the effective date of P.L.2010, c.2 and upon the expiration of any applicable binding collective negotiations agreement in force on that effective date, employees shall pay 1.5 percent of base salary, through the withholding of the contribution, for health benefits coverage provided under P.L.2007, c.103 (C.52:14-17.46.1 et seq.), notwithstanding any other amount that may be required additionally pursuant to this subsection by means of a binding collective negotiations agreement or the modification of payment obligations.

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

d. Notwithstanding any law to the contrary and except as provided by amendment by P.L.2010, c.2, the payment in full of premium or periodic charges for eligible retirees and their dependents pursuant to section 3 of P.L.1987, c.384 (C.52:14-17.32f), section 2 of P.L.1992, c.126 (C.52:14-17.32f1), or section 1 of P.L.1995, c.357 (C.52:14-17.32f2) shall be continued without alteration or interruption and there shall be no premium sharing or periodic charges for school employees in retirement once they have met the criteria for

vesting for pension benefits, which criteria for purposes of this subsection only shall mean the criteria for vesting in the Teachers' Pension and Annuity Fund. For purposes of this subsection, "premium sharing or periodic charges" shall mean payments by eligible retirees based upon a proportion of the premiums for health care benefits.

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

C.52:14-17.37 Election to participate, plan availability.

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

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

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

C.52:14-17.36 Participation in health benefits program; rules, regulations.

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

b. All changes in the provision of health care benefits through the program that are included in collective negotiations agreements between the State and its employees entered into on or after the effective date of P.L.2010, c.2 shall be made applicable by the commission to participating employers and their employees at the same time and in the same manner as to State employees. This subsection shall be applicable to the State Health Benefits Program and to the School Employees' Health Benefits Program to the extent not inconsistent with the provisions of sections 31 through 41 of P.L.2007, c.103 (C.52:14-17.46.1 et seq.).

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

C.52:14-17.26 Definitions relative to health care benefits for public employees.

2. As used in this act:

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

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

(c) (1) The term "employee" means an appointive or elective officer, a full-time employee of the State of New Jersey, or a full-time employee of an employer other than the State who appears on a regular payroll and receives a salary or wages for an average of the number of hours per week as prescribed by the governing body of the participating employer which number of hours worked shall be considered full-time, determined by resolution, and not less than 20.

(2) After the effective date of P.L.2010, c.2, the term "employee" means (i) a full-time appointive or elective officer 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 who appears on a regular payroll and receives a salary or wages for an average of the number of hours per week as prescribed by the governing body of the participating employer which number of hours worked shall be considered full-time, determined by resolution, and not less than 25, or (ii) 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 provided under P.L.1961, c.49 (C.52:14-17.25 et seq.) or sections 31 through 41 of P.L.2007, c.103 (C.52:14-17.46.1 et seq.) on that effective date and continuously thereafter provided the officer or employee is covered by the definition in paragraph (1) of this subsection. For the purposes of this act an employee of Rutgers, The State University of New Jersey, shall be deemed to be an employee of the State, and an employee of the New Jersey Institute of Technology shall be considered to be an employee of the State during such time as the Trustees of the Institute are party to a contractual agreement with the State Treasurer for the provision of educational services. The term "employee" shall further mean, for purposes of this act, a former employee of the South Jersey Port Corporation, who is employed by a subsidiary corporation or other corporation, which has been established by the Delaware River Port Authority pursuant to subdivision (m) of Article I of the compact creating the Delaware River Port Authority (R.S.32:3-2), as defined in section 3 of P.L.1997, c.150 (C.34:1B-146), and who is eligible for continued membership in the Public Employees' Retirement System pursuant to subsection j. of section 7 of P.L.1954, c.84 (C.43:15A-7).

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

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

(2) Notwithstanding the provisions of paragraph (1) of this subsection to the contrary and subject to the provisions of paragraph (3) of this subsection, for the purposes of an employer other than the State that is participating in the State Health Benefits Program pursuant to section 3 of P.L.1964, c.125 (C.52:14-17.34), the term "dependents" means an employee's spouse or partner in a civil union couple and the employee's unmarried children under the age of 23 years who live with the employee in a regular parent-child relationship. "Children" shall include stepchildren, legally adopted children and children placed by the Division of Youth and Family Services in the Department of Children and Families provided they are reported for coverage and are wholly dependent upon the employee for support and maintenance. A spouse, partner in a civil union couple or child enlisting or inducted into military service shall not be considered a dependent during the military service. The term "dependents" shall not include spouses or partners in a civil union couple of retired persons who are otherwise eligible for benefits under P.L.1961, c.49 (C.52:14-17.25 et seq.) but who, although they meet the age or disability eligibility requirement of Medicare, are not covered by Medicare Hospital Insurance, also known as Medicare Part A, and Medicare Medical Insurance, also known as Medicare Part B.

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

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

(f) The term "hospital" means (1) an institution operated pursuant to law which is primarily engaged in providing on its own premises, for compensation from its patients, medical diagnostic and major surgical facilities for the care and treatment of sick and injured persons on an inpatient basis, and which provides such facilities under the supervision of a staff of physicians and with 24 hour a day nursing service by registered graduate nurses, or (2) an institution not meeting all of the requirements of (1) but which is accredited as a hospital by the Joint Commission on Accreditation of Hospitals. In no event shall the term

"hospital" include a convalescent nursing home or any institution or part thereof which is used principally as a convalescent facility, residential center for the treatment and education of children with mental disorders, rest facility, nursing facility or facility for the aged or for the care of drug addicts or alcoholics.

(g) The term "State managed care plan" means a health care plan under which comprehensive health care services and supplies are provided to eligible employees, retirees, and dependents: (1) through a group of doctors and other providers employed by the plan; or (2) through an individual practice association, preferred provider organization, or point of service plan under which services and supplies are furnished to plan participants through a network of doctors and other providers under contracts or agreements with the plan on a prepayment or reimbursement basis and which may provide for payment or reimbursement for services and supplies obtained outside the network. The plan may be provided on an insured basis through contracts with carriers or on a self-insured basis, and may be operated and administered by the State or by carriers under contracts with the State.

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

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

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

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

C.52:14-17.46.2 Definitions relative to school employees' health benefits program.

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

- a. The term "State" means the State of New Jersey.
- b. The term "commission" means the School Employees' Health Benefits Commission, created by section 33 of P.L.2007, c.103 (C.52:14-17.46.3).
- c. The term "employer" means local school district, regional school district, county vocational school district, county special services school district, jointure commission, educational services commission, State-operated school district, charter school, county college, any officer, board, or commission under the authority of the Commissioner of Education or of the State Board of Education, and any other public entity which is established pursuant to authority provided by Title 18A of the New Jersey Statutes, but excluding the State public institutions of higher education and excluding those public entities where the employer is the State of New Jersey.

d. (1) The term "employee" means a person employed in any full time capacity by an employer, and shall include persons defined as a school employee by the regulations of the State Health Benefits Commission in effect on the effective date of the School Employees' Health Benefits Program Act. "Full-time" shall have the same meaning as in the regulation of

the State Health Benefits Commission regarding local coverage in effect on the effective date of the School Employees' Health Benefits Program Act.

(2) After the effective date of P.L.2010, c.2, the term "employee" means (a) a person employed in any full-time capacity by an employer who appears on a regular payroll and receives a salary or wages for an average of the number of hours per week as prescribed by the governing body of the participating employer which number of hours worked shall be considered full-time, determined by resolution, and not less than 25, and shall include persons defined as a school employee by the regulations of the State Health Benefits Commission in effect on the effective date of the School Employees' Health Benefits Program Act, or (b) a person employed in any full-time capacity by an employer who has or is eligible for health benefits coverage provided under P.L.1961, c.49 (C.52:14-17.25 et seq.) or sections 31 through 41 of P.L.2007, c.103 (C.52:14-17.46.1 et seq.) on that effective date and continuously thereafter provided the person is covered by the definition in paragraph (1) of this subsection. The term "employee" shall not include persons employed on a short-term, seasonal, intermittent, or emergency basis, persons compensated on a fee basis, persons having less than two months of continuous service or persons whose compensation is limited to reimbursement of necessary expenses actually incurred in the discharge of their official duties. An employee paid on a 10-month basis, pursuant to an annual contract, shall be deemed to have satisfied the two-month waiting period if the employee begins employment at the beginning of the contract year. The term "employee" shall also not include retired persons who are otherwise eligible for benefits under the School Employees' Health Benefits Program but who, although they meet the age or disability eligibility requirement of Medicare, are not covered by Medicare Hospital Insurance, also known as Medicare Part A, and Medicare Medical Insurance, also known as Medicare Part B. A determination by the commission that a person is an eligible employee for the purposes of the School Employees' Health Benefits Program shall be final and binding on all parties.

e. The term "dependents" means an employee's spouse, domestic partner, or partner in a civil union couple, and unmarried children under the age of 23 years who live in a regular parent/child relationship. "Children" shall include stepchildren, legally adopted children and children placed by the Division of Youth and Family Services in the Department of Children and Families, provided they are reported for coverage and are wholly dependent upon the employee for support and maintenance. A spouse, domestic partner, partner in a civil union couple, or child enlisting or inducted into military service shall not be considered a dependent during the military service. The term "dependents" shall not include spouses, domestic partners, or partners in a civil union couple, of retired persons who are otherwise eligible for the benefits under the School Employees' Health Benefits Program but who, although they meet the age or disability eligibility requirement of Medicare, are not covered by Medicare Hospital Insurance, also known as Medicare Part A, and Medicare Medical Insurance, also known as Medicare Part B.

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

g. The term "hospital" means:

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

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

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

i. The term "managed care plan" means a health care plan under which comprehensive health care services and supplies are provided to eligible employees, retirees, and dependents: (1) through a group of doctors and other providers employed by the plan; or (2) through an individual practice association, preferred provider organization, or point of service plan under which services and supplies are furnished to plan participants through a network of doctors and other providers under contracts or agreements with the plan on a prepayment or reimbursement basis and which may provide for payment or reimbursement for services and supplies obtained outside the network. The plan may be provided on an insured basis through contracts with carriers or on a self-insured basis, and may be operated and administered by the State or by carriers under contracts with the State.

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

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

C.52:14-17.31a Employee permitted to waive benefits coverage under SHBP.

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

b. Notwithstanding the provisions of any other law to the contrary, the State as an employer, or an employer that is an independent authority, commission, board, or

instrumentality of the State which participates in the State Health Benefits Program, may allow any employee who is eligible for other health care coverage that is not under the State Health Benefits Program to waive the coverage under the State Health Benefits Program to which the employee is entitled by virtue of employment with the employer. The waiver shall be in such form as the Director of the Division of Pensions and Benefits shall prescribe and shall be filed with the division.

c. In consideration of filing a waiver as permitted in subsections a. and b. of this section, an employer may pay to the employee annually an amount, to be established in the sole discretion of the employer, which shall not exceed 50% of the amount saved by the employer because of the employee's waiver of coverage, and, for a waiver filed on or after the effective date of P.L.2010, c.2, which shall not exceed 25%, or \$5,000, whichever is less, of the amount saved by the employer because of the employee's waiver of coverage. An employee who waives coverage shall be permitted to immediately resume coverage if the employee ceases to be eligible for other health care coverage for any reason, including, but not limited to, the retirement or death of the spouse or divorce. An employee who resumes coverage shall repay, on a pro rata basis, any amount received from the employer which represents an advance payment for a period of time during which coverage is resumed. An employee who wishes to resume coverage shall notify the employer in writing and file a declaration with the division, in such form as the director of the division shall prescribe, that the waiver is revoked. The decision of an employer to allow its employees to waive coverage and the amount of consideration to be paid therefor shall not be subject to the collective bargaining process.

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

C.52:14-17.31 Effective date of coverage; rules, regulations; information provided to division.

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

In the event that the group health plan which covered an employee or dependents immediately prior to the date the employee's employer becomes a participating employer provides, after termination of coverage thereunder, any continuation of benefits, or would so provide in the absence of coverage pursuant to this act, no coverage shall be afforded pursuant to this act for any such expenses (i) which are covered, or which would be covered in the absence of coverage pursuant to this act, in whole or in part, by the prior insurance

plan or (ii) which may be used in satisfaction of any deductible requirement under the prior insurance plan to establish entitlement to the continuation of benefits.

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

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

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

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

C.18A:16-17 Premiums; payment by board of education.

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

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

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

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

b. Commencing on the effective date of P.L.2010, c.2 and upon the expiration of any applicable binding collective negotiations agreement in force on that effective date, employees of a local board of education shall pay 1.5 percent of base salary, through the withholding of the contribution from the pay, salary or other compensation, for health care benefits coverage provided pursuant to P.L.1979, c.391 (C.18A:16-12 et seq.), notwithstanding any other amount that may be required additionally pursuant to subsection a. of this section for such coverage. This subsection shall apply also when the health care benefits coverage is provided through an insurance fund or joint insurance fund or in any other manner.

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

Payment of premiums; deduction of employee contributions.

40A:10-21. a. Any employer entering into a contract pursuant to this subarticle is hereby authorized to pay part or all of the premiums or charges for the contracts and may

appropriate out of its general funds any money necessary to pay premiums or charges or portions thereof. The contribution required of any employee toward the cost of coverage may be deducted from the pay, salary or other compensation of the employee upon an authorization in writing made to the appropriate disbursing officer.

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

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

b. Commencing on the effective date of P.L.2010, c.2 and upon the expiration of any applicable binding collective negotiations agreement in force on that effective date, employees of an employer shall pay 1.5 percent of base salary, through the withholding of the contribution from the pay, salary or other compensation, for health care benefits coverage provided pursuant to N.J.S.40A:10-17, notwithstanding any other amount that may be required additionally pursuant to subsection a. of this section for such coverage. This subsection shall apply also when the health care benefits coverage is provided through an insurance fund or joint insurance fund or in any other manner. This subsection shall apply to any agency, board, commission, authority, or instrumentality of a local unit.

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

Payments of premiums after retirement.

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

The employer may, in its discretion, assume the entire cost or a portion of the cost of such coverage and pay all or a portion of the premiums for employees a. who have retired on a disability pension, or b. who have retired after 25 years or more of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement, such period of service to be determined by the employer and set forth in an ordinance or resolution as appropriate, or c. who have retired and reached the age of 65 years or older with 25 years or more of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement, such period of service to be determined by the employer and set forth in an ordinance or resolution as appropriate, or d. who have retired and reached the age of 62 years or older with at least 15 years of service with the employer, including the premiums on their dependents, if any, under uniform conditions as the governing body of the local unit shall prescribe. The period of time a county law enforcement officer has been employed by any county or municipal police department, sheriff's department or county prosecutor's office, may be counted cumulatively as "service with the employer" for the purpose of qualifying for payment of health insurance premiums by the county pursuant to this section.

b. An employee who becomes a member of a State or locally-administered retirement system on or after the effective date of P.L.2010, c.2 shall pay in retirement 1.5 percent of the retiree's monthly retirement allowance, including any future cost-of-living adjustments, through the withholding of the contribution from the monthly retirement allowance, for health care benefits coverage provided under N.J.S.40A:10-22, notwithstanding any other amount that may be required additionally by the employer or through a collective negotiations agreement for such coverage. This subsection shall apply also when the health care benefits coverage is provided through an insurance fund or joint insurance fund or in any other manner. This subsection shall apply to any agency, board, commission, authority, or instrumentality of a local unit.

C.18A:64A-13.1a Premiums paid by county college employees.

16. Commencing on the effective date of P.L.2010, c.2 and upon the expiration of any applicable binding collective negotiations agreement in force on that effective date, employees of a county college shall pay 1.5 percent of base salary, through the withholding of the contribution from the pay, salary or other compensation, for health care benefits coverage provided by the employer, notwithstanding any other amount that may be required additionally by the employer or through collective negotiations agreements for such coverage. This section shall apply also when the health care benefits coverage is provided through an insurance fund or joint insurance fund or in any other manner.

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

C.18A:64A-13.1 County college employee permitted to waive health care coverage.

3. Notwithstanding the provisions of any other law to the contrary, a county college that enters into a contract providing group health care benefits to its employees may allow any employee who is eligible for other health care coverage to waive coverage under the county college's plan to which the employee is entitled by virtue of employment with the county college. The waiver shall be in such form as the county college shall prescribe and shall be filed with the county college. In consideration of filing such a waiver, a county college may pay to the employee annually an amount, to be established in the sole discretion of the county college, which shall not exceed 50% of the amount saved by the county college because of the employee's waiver of coverage, and, for a waiver filed on or after the effective date of P.L.2010, c.2, which shall not exceed 25%, or \$5,000, whichever is less, of the amount saved by the county college because of the employee's waiver of coverage. An employee who waives coverage shall be permitted to resume coverage under the same terms and conditions as apply to initial coverage if the employee ceases to be covered through the other health care coverage for any reason, including, but not limited to, the retirement or death of the employee's spouse or divorce. An employee who resumes coverage shall repay, on a pro rata basis, any amount received which represents an advance payment for a period of time during which coverage is resumed. An employee who wishes to resume coverage shall file a declaration with the county college in such form as the county college shall prescribe, that the waiver is revoked. The decision of a county college to allow its employees to waive coverage and the amount of consideration to be paid therefor shall not be subject to the collective bargaining process.

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

C.40A:10-17.1 County, municipal, contracting unit employee permitted to waive healthcare coverage.

37. Notwithstanding the provisions of any other law to the contrary, a county, municipality or any contracting unit as defined in section 2 of P.L.1971, c.198 (C.40A:11-2), which enters into a contract providing group health care benefits to its employees pursuant to N.J.S.40A:10-16 et seq., may allow any employee who is eligible for other health care coverage to waive coverage under the county's, municipality's or contracting unit's plan to which the employee is entitled by virtue of employment with the county, municipality or contracting unit. The waiver shall be in such form as the county, municipality or contracting unit shall prescribe and shall be filed with the county, municipality or contracting unit. In consideration of filing such a waiver, a county, municipality or contracting unit may pay to the employee annually an amount, to be established in the sole discretion of the county, municipality or contracting unit, which shall not exceed 50% of the amount saved by the county, municipality or contracting unit because of the employee's waiver of coverage, and, for a waiver filed on or after the effective date of P.L.2010, c.2, which shall not exceed 25%, or \$5,000, whichever is less, of the amount saved by the county, municipality or contracting unit because of the employee's waiver of coverage. An employee who waives coverage shall be permitted to resume coverage under the same terms and conditions as apply to initial coverage if the employee ceases to be covered through the employee's spouse for any reason, including, but not limited to, the retirement or death of the spouse or divorce. An employee who resumes coverage shall repay, on a pro rata basis, any amount received which represents an advance payment for a period of time during which coverage is resumed. An employee who wishes to resume coverage shall file a declaration with the county, municipality or contracting unit, in such form as the county, municipality or contracting unit shall prescribe, that the waiver is revoked. The decision of a county, municipality or contracting unit to allow its employees to waive coverage and the amount of consideration to be paid therefor shall not be subject to the collective bargaining process.

19. This act shall take effect on the 60th day following enactment.

Approved March 22, 2010.