

P.L. 2025, CHAPTER 395, *approved January 20, 2026*  
Assembly, No. 6201 (*Second Reprint*)

1 AN ACT amending P.L.2025, c.74, the Fiscal Year 2026 annual  
2 appropriations act, <sup>1</sup>~~to remove~~ <sup>2</sup>~~concerning~~<sup>1</sup> to remove<sup>2</sup>  
3 language requiring the achievement of cost savings for the State  
4 Health Benefits Program.

5  
6 BE IT ENACTED by the Senate and the General Assembly of the  
7 State of New Jersey:  
8

9 1. The following language provisions in section 1 of P.L.2025,  
10 c.74, the annual appropriations act for State Fiscal Year 2026, are  
11 amended to read as follows:  
12

13 94 INTERDEPARTMENTAL ACCOUNTS  
14 70 Government Direction, Management, and Control  
15 74 General Government Services  
16 9410 Employee Benefits  
17

18 DIRECT STATE SERVICES  
19

20 [Notwithstanding the provisions of any law or regulation to the  
21 contrary, the appropriations for the Employee Benefits program  
22 classification shall be subject to the following conditions: (1) in  
23 a good faith effort to agree on proposals to save a total of \$100  
24 million in State funds during the first six months of Plan Year  
25 (PY) 2026, the State and public employees’ representatives on  
26 the State Health Benefits Plan Design Committee (SHBPDC)  
27 shall separately submit cost savings proposals to the plan actuary  
28 by July 31, 2025 and the plan actuary shall review the proposals  
29 to determine whether the plan design proposals will result in  
30 recurring and actuarially verifiable cost savings, noting whether  
31 they will be achieved in the first six months of PY 2026 in the  
32 amount of \$100 million. Any proposal that the plan actuary  
33 determines will not result in recurring and actuarially verifiable  
34 cost savings, or less cost savings than proposed, in the first six  
35 months of PY 2026 shall be adjusted to reflect actuarially  
36 verified cost savings or eliminated from further consideration if  
37 no savings are actuarially verified. The SHBPDC shall then  
38 meet and vote on each of the verified proposals before

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Senate SBA committee amendments adopted January 8, 2026.

<sup>2</sup>Assembly floor amendments adopted January 12, 2026.

1 September 30, 2025; (2) if the plan actuary determines that the  
2 cost savings proposals submitted by the labor and administration  
3 representatives will not result in recurring and verifiable total  
4 savings of at least \$100 million during the first six months of PY  
5 2026, the labor and administration representatives on the  
6 SHBPDC shall submit additional proposals to the plan actuary in  
7 an effort to achieve the \$100 million savings target before  
8 September 30, 2025; (3) if the SHBPDC is unable to reach  
9 agreement on the actuarially verified proposals totaling \$100  
10 million in cost savings before September 30, 2025, the SHBPDC  
11 shall immediately commence the existing statutorily prescribed  
12 mediation and conciliation procedure set forth in P.L.2011, c.78,  
13 and that process shall be concluded by October 31, 2025; (4) if  
14 the SHBPDC is unable to reach agreement on cost savings  
15 proposals totaling \$100 million in actuarially verified savings  
16 following the existing statutorily prescribed mediation and  
17 conciliation procedure set forth in P.L.2011, c.78, the Legislature  
18 shall revise the statutory framework set forth in P.L.2011, c.78 to  
19 determine a process by which \$100 million in actuarially  
20 verifiable cost savings shall be achieved for PY 2026 before  
21 December 1, 2025; (5) if the Legislature does not pass a bill  
22 revising the statutory framework before December 1, 2025, then  
23 a representative of the State selected by the Governor and a  
24 public employees' representative selected by the State  
25 employees' and local employees' representatives on the  
26 SHBPDC shall jointly select cost-saving changes to achieve  
27 \$100 million in actuarially verifiable cost savings. In the event  
28 that the State representative and the public employees'  
29 representative are unable to reach agreement, then the Executive  
30 Director of the Office of Legislative Services shall designate an  
31 additional representative and the three representatives shall meet  
32 and vote to select cost-saving changes to achieve \$100 million in  
33 actuarially verifiable cost savings for the first six months of PY  
34 2026 before December 15, 2025.】 <sup>2</sup>【<sup>1</sup>Notwithstanding the  
35 provisions of any law or regulation to the contrary, any cost  
36 savings proposals submitted by the State Health Benefits Plan  
37 Design Committee (SHBPDC) that the plan actuary determines  
38 will not result in recurring and actuarially verifiable cost savings,  
39 or less cost savings than proposed, shall be adjusted to reflect  
40 actuarially verified cost savings, or eliminated from further  
41 consideration if no savings are actuarially verified or if the  
42 proposal would increase the total cost of the plans. The State  
43 shall assume and reimburse all necessary and verifiable costs  
44 incurred by a carrier for the development, implementation,  
45 administration, or compliance requirements associated with any

1 cost savings proposals approved by the SHBPDC. A carrier shall  
2 submit documentation of the projected and actual costs incurred  
3 to the Division of Pensions and Benefits in the Department of the  
4 Treasury, or such other State agency as may be designated, in a  
5 manner and form prescribed by the division.<sup>1</sup><sup>2</sup>

6  
7 **GRANTS-IN-AID**  
8

9 **[**Notwithstanding the provisions of any law or regulation to the  
10 contrary, the appropriations for the Employee Benefits program  
11 classification shall be subject to the following conditions: (1) in  
12 a good faith effort to agree on proposals to save a total of \$100  
13 million in State funds during the first six months of Plan Year  
14 (PY) 2026, the State and public employees' representatives on  
15 the State Health Benefits Plan Design Committee (SHBPDC)  
16 shall separately submit cost savings proposals to the plan actuary  
17 by July 31, 2025 and the plan actuary shall review the proposals  
18 to determine whether the plan design proposals will result in  
19 recurring and actuarially verifiable cost savings, noting whether  
20 they will be achieved in the first six months of PY 2026 in the  
21 amount of \$100 million. Any proposal that the plan actuary  
22 determines will not result in recurring and actuarially verifiable  
23 cost savings, or less cost savings than proposed, in the first six  
24 months of PY 2026 shall be adjusted to reflect actuarially  
25 verified cost savings or eliminated from further consideration if  
26 no savings are actuarially verified. The SHBPDC shall then  
27 meet and vote on each of the verified proposals before  
28 September 30, 2025; (2) if the plan actuary determines that the  
29 cost savings proposals submitted by the labor and administration  
30 representatives will not result in recurring and verifiable total  
31 savings of at least \$100 million during the first six months of PY  
32 2026, the labor and administration representatives on the  
33 SHBPDC shall submit additional proposals to the plan actuary in  
34 an effort to achieve the \$100 million savings target before  
35 September 30, 2025; (3) if the SHBPDC is unable to reach  
36 agreement on the actuarially verified proposals totaling \$100  
37 million in cost savings before September 30, 2025, the SHBPDC  
38 shall immediately commence the existing statutorily prescribed  
39 mediation and conciliation procedure set forth in P.L.2011, c.78,  
40 and that process shall be concluded by October 31, 2025; (4) if  
41 the SHBPDC is unable to reach agreement on cost savings  
42 proposals totaling \$100 million in actuarially verified savings  
43 following the existing statutorily prescribed mediation and  
44 conciliation procedure set forth in P.L.2011, c.78, the Legislature  
45 shall revise the statutory framework set forth in P.L.2011, c.78 to

determine a process by which \$100 million in actuarially verifiable cost savings shall be achieved for PY 2026 before December 1, 2025; (5) if the Legislature does not pass a bill revising the statutory framework before December 1, 2025, then a representative of the State selected by the Governor and a public employees' representative selected by the State employees' and local employees' representatives on the SHBPDC shall jointly select cost-saving changes to achieve \$100 million in actuarially verifiable cost savings. In the event that the State representative and the public employees' representative are unable to reach agreement, then the Executive Director of the Office of Legislative Services shall designate an additional representative and the three representatives shall meet and vote to select cost-saving changes to achieve \$100 million in actuarially verifiable cost savings for the first six months of PY 2026 before December 15, 2025.】 <sup>2</sup><sup>1</sup>Notwithstanding the provisions of any law or regulation to the contrary, any cost savings proposals submitted by the State Health Benefits Plan Design Committee (SHBPDC) that the plan actuary determines will not result in recurring and actuarially verifiable cost savings, or less cost savings than proposed, shall be adjusted to reflect actuarially verified cost savings, or eliminated from further consideration if no savings are actuarially verified or if the proposal would increase the total cost of the plans. The State shall assume and reimburse all necessary and verifiable costs incurred by a carrier for the development, implementation, administration, or compliance requirements associated with any cost savings proposals approved by the SHBPDC. A carrier shall submit documentation of the projected and actual costs incurred to the Division of Pensions and Benefits in the Department of the Treasury, or such other State agency as may be designated, in a manner and form prescribed by the division.<sup>1</sup><sup>2</sup>

2. This act shall take effect immediately.

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Amends Fiscal Year 2026 annual appropriations act to remove language requiring achievement of cost savings for SHBP.