LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 1388
STATE OF NEW JERSEY
221st LEGISLATURE

DATED: JANUARY 8, 2025

SUMMARY

Synopsis: Permits inclusion of volunteer firefighters and other emergency responders within municipal eligible employee group for purposes of the small employer health benefits plan statutes.

Type of Impact: Municipal expenditure impact.

Agencies Affected: Municipalities that utilize volunteer firefighters and other emergency responders.

Office of Legislative Services Estimate

Fiscal Impact	Year 1	Year 2	Year 3
Local Cost Impact		Indeterminate	

- The Office of Legislative Services (OLS) concludes that the bill would have an indeterminate impact on the expenditures of certain municipalities that utilize volunteer firefighters or emergency responders and participate in the Small Employer Health Benefits Program.

- The bill may increase health care costs for any municipality that participates in the program, but does not provide health care benefits for volunteer firefighters and emergency responders through other means. These municipalities would be expected to incur additional costs associated with the health care coverage of those volunteers.

- If any municipality currently participates in the program and also provides health care coverage for volunteer firefighters and emergency responders through other means, then the bill may allow the municipality to benefit from reduced health insurance rates for these volunteers and thereby experience cost savings.

- The fiscal impact of the bill is expected to vary depending on (1) whether a municipality currently provides health care coverage for these volunteers, and (2) the number of volunteers for which a participating municipality would be required to provide health care coverage under the bill. Given that the OLS lacks sufficient information concerning each of these conditions, the OLS is unable to quantify the anticipated fiscal impact of the bill.

BILL DESCRIPTION

Under current law, municipalities are permitted to provide health insurance coverage to volunteer firefighters and other emergency responders that serve the municipality. Although a municipality can provide this coverage through a variety of means, volunteer firefighters and emergency responders currently cannot receive coverage through the Small Employer Health Benefits program, given that these volunteers do not meet the definition of "eligible employee" as defined in State law. The bill would amend the definition of "eligible employee" in the program to include volunteer firefighters and emergency responders, requiring the coverage of volunteer firefighters and emergency responders through the program. The bill also amends the definition of "small employer" under the program to provide that volunteer firefighters and emergency responders would not be counted as employees for the purposes of determining the size of the employer. The program is limited to "small employers," which employ no more than 50 employees.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the bill would have an indeterminate impact on the expenditures of certain municipalities that utilize volunteer firefighters or emergency responders and participate in the Small Employer Health Benefits Program. The impact of the bill on municipal health care costs is expected to vary depending on (1) whether a municipality currently provides health care coverage for volunteer firefighters and emergency responders, and (2) the number of volunteers for which a participating municipality would be required to provide health care coverage under the bill.

The bill may result in increased health care costs for any municipality that currently participates in the program, but does not provide health care benefits for volunteer firefighters and emergency responders who serve the municipality through other insurance. Assuming that these municipalities continue to qualify for the program, each municipality would be required to incur additional costs associated with the health care coverage of those volunteers.

The OLS is unable to identify (1) the number of municipalities that would be required to provide health care coverage for volunteer firefighters and emergency responders through the program, and (2) the amount of the increased health care costs that would be incurred by any such municipality. Municipalities that rely on a larger number of volunteer firefighters and emergency responders are expected to incur larger cost increases compared to those municipalities with fewer volunteers.

Conversely, the bill could also result in decreased health care costs for certain municipalities that (1) provide health care coverage for municipal employees through the program, and (2) provide health care coverage for volunteer firefighters and emergency responders through other insurance. In this situation, municipalities may benefit from reduced health insurance rates for these volunteers through the program compared to the individual or group health insurance marketplace, thereby reducing total health care costs. However, the OLS lacks sufficient

information to identify the number of municipalities that could experience cost savings as a result of the bill.

Section:	*Local Government*
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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).