LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 4999

STATE OF NEW JERSEY
221st LEGISLATURE

DATED: JANUARY 14, 2026

SUMMARY

Synopsis: Amends Fiscal Year 2026 annual appropriations act concerning language requiring achievement of cost savings for SHBP.

Type of Impact: Potential State expenditure increase.

Agencies Affected: Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	Fiscal Year 2026
Potential State Expenditure Increase – SHBP Appropriation	Up to $25 million
State Expenditure Increase	Indeterminate

- The Office of Legislative Services (OLS) determines that amending the language provisions in the FY 2026 Appropriations Act that require the achievement of $100 million in cost savings in State funds appropriated for the State Health Benefits Program may result in a State expenditure increase of up to $25 million.

- The OLS also finds that the State will experience an annual indeterminate increase in expenditures due to the bill requiring the State to reimburse costs incurred by an insurance carrier for the development, implementation, administration, or compliance requirements associated with any cost savings proposals approved by the State Health Benefits Plan Design Committee.

BILL DESCRIPTION

This bill amends the FY 2026 Appropriations Act concerning language provisions requiring the achievement of cost savings in State funds appropriated for the State Health Benefits Program.

Currently, the FY 2026 Appropriations Act contains language provisions requiring the State to achieve $100 million in actuarially verifiable cost savings through a series of submissions of cost

saving proposals, legislative action, and negotiations. This bill removes the language provisions requiring the achievement of and outlining the process for such cost savings.

The bill instead requires any cost saving proposals submitted by the State Health Benefits Plan Design Committee that the plan actuary determines will not result in recurring and actuarially verifiable cost savings, or less cost savings than proposed, to be adjusted to reflect the actuarially verified cost savings or be eliminated from further consideration if no savings are actuarially verified or if the proposal would increase the total costs of the plans.

Under the bill, the State is required to reimburse costs incurred by an insurance carrier for the development, implementation, administration, or compliance requirements associated with any cost savings proposals approved by the State Health Benefits Plan Design Committee. The carrier is required to submit documentation of the projected and actual costs to the Division of Pensions and Benefits, or another State agency as may be designated, in a manner and form prescribed by the division.

FISCAL ANALYSIS

EXECUTIVE BRANCH

On September 24, 2025, the State Health Benefits Program Plan Design Committees adopted four resolutions designed to achieve approximately $75 million in State health benefit cost savings in the final six months of FY 2026 pursuant to an agreement between Governor Murphy and the public sector unions.

The resolutions that are expected to generate such cost savings are as follows:

- Resolution 2025-10: $110 in-network deductible for individuals and $220 in-network deductible for families for all plans that currently have lower deductibles; $750 out-of-network deductible for individuals and $1,500 out-of-network deductible for families for all plans that currently have lower deductibles; $2,500 out-of-network, out-of-pocket maximum for individuals and $6,000 out-of-network, out-of-pocket maximum for families for all plans that currently have lower out-of-network, out-of-pocket maximums; new co-pays on lab visits and imaging across all plans; and limits on out-of-network physical therapy visits across all plans.
- Resolution 2025-11: new co-pays on GLP-1, generic, brand, non-preferred brand, and specialty medications across all plans.
- Resolution 2025-12: incentivizing use of in-network ambulatory surgical centers for certain procedures across all plans.
- Resolution 2025-13: expansion of the forthcoming Centers of Excellence pilot program for all plans.

OFFICE OF LEGISLATIVE SERVICES

The OLS determines that removing the language provisions in the FY 2026 Appropriations Act that require the achievement of $100 million in cost savings in State funds appropriated for the State Health Benefits Program may result in a State expenditure increase of up to $25 million.

Currently, the FY 2026 Appropriations Act contains language provisions requiring the State to achieve $100 million in actuarially verifiable cost savings for the State Health Benefits Program. By removing this language, the State is no longer required to achieve the full $100 million in cost savings.

However, according to the Governor's Office, the resolutions adopted by the State Health Benefits Plan Design Committees on September 24, 2025 are estimated to achieve approximately $75 million in recurring health benefit savings in the final six months of FY 2026, leaving $25 million of the initially required $100 million in cost savings not achieved, assuming the savings from the plan design resolutions are realized.

The OLS also finds that the State will experience an annual indeterminate increase in expenditures due to the bill requiring the State to reimburse costs incurred by an insurance carrier for the development, implementation, administration, or compliance requirements associated with any cost savings proposals approved by the State Health Benefits Plan Design Committee.

Section:	*State Government*
Analyst:	*Camryn Mathews* *Associate Fiscal Analyst*
Approved:	*Thomas Koenig* *Legislative Budget and Finance Officer*

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.).