

SENATE, No. 4860

STATE OF NEW JERSEY
222nd LEGISLATURE

INTRODUCED OCTOBER 22, 2026

Sponsored by:
Senator GORDON M. JOHNSON
District 37 (Bergen)

SYNOPSIS

“School District Health Procurement Efficiency Act.”

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning school district health insurance procurement,
2 establishing the “School District Health Procurement Efficiency
3 Act,” and supplementing Title 18A of the New Jersey Statutes.
4

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

8 1. This act shall be known and may be cited as the “School
9 District Health Procurement Efficiency Act.”
10

11 2. The Legislature finds and declares that:

12 a. New Jersey public school districts are caught in a severe,
13 compounding budget deficit, constrained by a strict 2 percent
14 property tax levy cap while facing unsustainable increases in
15 employee health benefits.

16 b. The School Employees' Health Benefits Program recently
17 experienced a devastating 31.9 percent premium increase for active
18 school employees, driven largely by soaring prescription costs and
19 high medical utilization.

20 c. While transitioning to private commercial joint-purchasing
21 pools could lower costs, local school districts are currently blocked
22 from joining forces due to conflicting local union contracts, a lack
23 of local underwriting resources, and multi-layered regulatory
24 bottlenecks.

25 d. “Staggered entry” financial penalties currently exist because
26 local school districts have staggered contract expiration dates,
27 prompting commercial carriers to penalize piecemeal enrollment
28 with higher premium rates.

29 e. Therefore, it is necessary to establish a State revenue neutral
30 legislative framework for an executive county superintendent-led
31 health insurance procurement system to maximize purchasing
32 power and protect local property taxpayers without eroding
33 collectively bargained benefits.
34

35 3. a. The office of the executive county superintendent of
36 schools of each county in this State shall be authorized to issue a
37 county-wide request for proposals to major commercial insurance
38 carriers to establish a county-wide school master plan for the
39 purpose of providing health insurance benefits to employees, and
40 their dependents, of school districts within their respective counties.

41 b. Commercial carriers underwriting a master plan shall be
42 required to provide uniform, stable bulk pricing to any district that
43 opts in via a local board resolution and shall not charge any penalty,
44 or otherwise increase premiums, based upon differing contract
45 expiration dates of such districts.
46

47 4. Any administrative overhead of a county-wide school master
48 plan shall be funded by a “zero-cost administrative fee,” not to

1 exceed 0.5 percent of the total premium, and shall be included in
2 the commercial premium rate paid by participating school districts.

3
4 5. a. The office of the executive county superintendent of
5 schools of each county seeking to establish a master plan shall
6 establish a cap which shall not be exceeded by the underlying
7 premium cost of the master plan. The cap shall be a set percentage
8 of the School Employees' Health Benefits Program baseline rate as
9 of the time such a cap is established.

10 b. If commercial carriers cannot achieve this cap through
11 corporate scale, the office of the executive county superintendent of
12 schools of each respective county shall have an autonomous escape
13 clause to automatically implement the county pool into a partially
14 self-insured model. The model shall be backed by private aggregate
15 stop-loss insurance, which shall be funded entirely out of the local
16 districts' premium savings.

17
18 6. a. No master plan shall alter or reduce employee benefits.

19 b. Commercial plans offered through a master plan shall be
20 equal to or provide greater benefits than the New Jersey Educators
21 Health Plan and the Garden State Health Plan benchmarks
22 established pursuant to subsections a. and d. of section 1 of
23 P.L.2020, c.44 (C.52:14-17.46.13).

24 c. Participation in an executive county superintendent-led
25 private commercial pool shall not alter the employee contribution
26 structure set forth in section 2 of P.L.2020, c.44 (C.52:14-17.46.14)
27 and the contribution calculation set forth in section 4 of P.L.2020,
28 c.44 (C.52:14-17.46.16).

29
30 7. a. If a master plan meets the benchmark equivalence
31 established under P.L.2020, c.44 (C.52:14-17.46.13 et al.), a local
32 school board's decision to enroll in the county pool to achieve
33 administrative savings shall be designated as a protected
34 management prerogative.

35 b. All other non-medical, collectively bargained, local
36 provisions, including but not limited to optical and dental riders,
37 wellness incentives, and local grievance procedures, shall remain
38 under the absolute control of the local bargaining unit and the local
39 board of education.

40
41 8. a. The Department of Banking and Insurance shall review
42 and approve or deny multi-district health fund applications within
43 60 days of receipt of such applications.

44 b. Local Efficiency Achievement Program grants, administered
45 by the Department of Community Affairs, shall cover any upfront
46 actuarial, legal, and underwriting feasibility costs for groups of
47 three or more school districts seeking to form a private commercial
48 insurance pool pursuant to P.L. , c. (C.) (pending before
49 the Legislature as this bill).

1 9. This act shall take effect immediately.

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STATEMENT

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6 This bill establishes the “School District Health Procurement
7 Efficiency Act.”

8 New Jersey public school districts are caught in a severe,
9 compounding budget deficit, constrained by a strict 2 percent
10 property tax levy cap while facing unsustainable increases in
11 employee health benefits. The School Employees' Health Benefits
12 Program recently experienced a devastating 31.9 percent premium
13 increase for active school employees, driven largely by soaring
14 prescription costs and high medical utilization. While transitioning
15 to private commercial joint-purchasing pools could lower costs,
16 local school districts are currently blocked from joining forces due
17 to conflicting local union contracts, a lack of local underwriting
18 resources, and multi-layered regulatory bottlenecks.

19 “Staggered entry” financial penalties currently exist because
20 local school districts have staggered contract expiration dates,
21 prompting commercial carriers to penalize piecemeal enrollment
22 with higher premium rates. Therefore, it is necessary to establish a
23 State revenue neutral legislative framework for an executive county
24 superintendent-led health insurance procurement system to
25 maximize purchasing power and protect local property taxpayers
26 without eroding collectively bargained benefits.

27 Under the bill, the office of the executive county superintendent
28 of schools of each county in this State will be authorized to issue a
29 county-wide request for proposals to major commercial insurance
30 carriers to establish a county-wide school master plan for the
31 purpose of providing health insurance benefits to employees of
32 school districts, and their dependents, within their respective
33 counties. Commercial carriers underwriting a master plan will be
34 required to provide uniform, stable bulk pricing to any district that
35 opts in via a local board resolution and may not charge any penalty,
36 or otherwise increase premiums, based upon any differing contract
37 expiration dates of such districts.

38 Under the bill, any administrative overhead of a county-wide
39 school master plan will be funded by a “zero-cost administrative
40 fee,” not to exceed 0.5 percent of the total premium, and will be
41 included in the commercial premium rate paid by participating
42 school districts.

43 The bill requires the office of the executive county
44 superintendent of schools of each county seeking to establish a
45 master plan to establish a cap which will not be exceeded by the
46 underlying premium cost of the master plan. The cap will be a set
47 percentage of the current year’s School Employees’ Health Benefits
48 Program baseline rate as of the time such a cap is established. If
49 commercial carriers cannot achieve this cap through corporate

1 scale, the office of the executive county superintendent of schools
2 of each respective county will have an autonomous escape clause to
3 automatically implement the county pool into a partially self-
4 insured model. The model must be backed by private aggregate
5 stop-loss insurance, which will be funded entirely out of the local
6 districts' premium savings.

7 Under the bill, no master plan will alter or reduce employee
8 benefits. Commercial plans offered through a master plan must be
9 equal to or provide greater benefits than the New Jersey Educators
10 Health Plan and the Garden State Health Plan benchmarks.
11 Participation in an executive county superintendent-led private
12 commercial pool will not alter the employee contribution structure
13 and the contribution calculation set forth under existing law.

14 Under the bill, if a master plan meets the benchmark equivalence
15 established under the New Jersey Educators Health Plan and the
16 Garden State Health Plan benchmarks, a local school board's
17 decision to enroll in the county pool to achieve administrative
18 savings will be designated as a protected management prerogative.
19 All other non-medical, collectively bargained local provisions,
20 including but not limited to optical and dental riders, wellness
21 incentives, and local grievance procedures, will remain under the
22 absolute control of the local bargaining unit and the local board of
23 education.

24 The bill requires the Department of Banking and Insurance to
25 review, and approve or deny, multi-district health fund applications
26 within 60 days of receipt of such applications. Local Efficiency
27 Achievement Program grants, administered by the Department of
28 Community Affairs, will cover any upfront actuarial, legal, and
29 underwriting feasibility costs for groups of three or more school
30 districts seeking to form a private commercial insurance pool
31 pursuant to this bill.