



# Legislative Update

June 7, 2010

## **NJ Local Finance Board Issues Notice Related to Employee Benefit Changes**

On May 21, 2010 NJ P.L. 2010, Chapter 2 was enacted establishing, among other things, a minimum floor contribution requiring all public employees in New Jersey to contribute towards the cost of their employee benefits. Conner Strong issued a detailed overview and analysis related to this historic legislation and shall continue to circulate updates as new promulgations and interpretations become available. Our original alert issued on April 19, 2010 is available [here](#).

On May 17, 2010 the NJ Local Finance Board issued Notice #2010-12 related to the benefit contribution issue. Specifically the notice re-affirms the following important points:

- Commencing May 21, 2010 and upon the expiration of any applicable binding collective bargaining agreements in force as of this date, all government employees shall pay 1.5% of their base salary towards the cost of their "health benefit" coverage;
- Government workers include those that are employed by the State of New Jersey, its agencies and instrumentalities, municipalities, counties, and any boards, agencies, commissions, authorities or instrumentalities thereof, including county colleges;
- For government entities enrolled with the State Health Benefits Plan or the State Educators Health Benefit plan ("the State Plans"), "health benefits" is defined as Medical and/or prescription drug coverage. For employers covered with either of these two State Plans, the 1.5% contribution does not apply to dental, vision or if provided locally, other health related coverage;
- For government entities not enrolled with either of the two State Plans, the full range of health benefits is subject to the 1.5% contribution. This includes medical, pharmacy, dental, vision, etc. (note: NJSA 40A:10-17);
- As has been confirmed previously, if a bargaining agreement was in place as of May 21, 2010 and does not expire until some future date, the 1.5% shall take effect upon the expiration of the agreement. At that time, minimally the 1.5% shall take effect. This may be in addition to any amount that may have already been agreed upon by the parties related to contribution amounts.



As new information is issued on this important topic, Conner Strong will issue alerts and updates. Should you have any questions with any aspects of this new law, **please contact your Conner Strong representative with any questions, toll-free at 1-877-861-3220.**

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