

TOWNSHIP OF TEANECK

ORDINANCE NO. -2016

AN ORDINANCE AMENDING SECTION 2-152 OF ARTICLE XXXI OF  
CHAPTER 2 OF THE CODE OF THE TOWNSHIP OF TEANECK  
RESPECTING WAIVERS OF HEALTH INSURANCE COVERAGE

WHEREAS, the State of New Jersey established the State Health Benefits Program (SHBP) pursuant to P.L. 1961, c. 49 (N.J.S.A. 52:14-17.25 et seq.); and

WHEREAS, municipalities were first permitted to participate in SHBP pursuant to P.L. 1964, c. 125 (N.J.S.A. 52:14-17.34); and

WHEREAS, pursuant to the foregoing statute, the Township of Teaneck adopted an ordinance which elected participation in SHBP effective October 1, 1965; and

WHEREAS, the aforesaid ordinance was later codified as part of Chapter 2, Charter/Administrative Code, of the Code of the Township of Teaneck pursuant to Ordinance No. 3158, adopted July 26, 1988, following voter approval of the charter change to the Council-Manager Form of Government pursuant to N.J.S.A. 40:69A-1 et seq.; and

WHEREAS, Section 2-31.4 of Ordinance 3158 (now Section 2-152(e) of Chapter 2) provided that participation in the SHBP “insurance program shall not entitle any employee or other person hereunder to receive remuneration in lieu of accepting the benefits of this program;” and

WHEREAS, the statutory authorization for the payment of remuneration to an employee for the waiver of coverage under SHBP was first authorized under P.L. 1995, c. 259 (N.J.S.A. 52:14-17.31a) effective November 13, 1995, as amended by P.L. 2007, c. 92 and provided that “notwithstanding the provisions of any other law to the contrary, a municipality which participates in the State Health Benefits Program ... may allow any employee who is eligible for other health care coverage to waive coverage under the State health Benefits Program to which the employee is entitled by virtue of employment with the municipality... (and) in consideration of filing such a waiver, a municipality may pay to the employee annually an amount, to be established at the sole discretion of the municipality, which shall not exceed 50% of the amount saved by the municipality because of the employee’s waiver of coverage;” and

WHEREAS, pursuant to the foregoing statutory authority, the Township Council adopted Resolution 148-08 on May 6, 2008, which authorized the payment of 50% of the saving based on the type of the plan for which the employee waived coverage; and

WHEREAS, N.J.S.A. 52:14-17.31a was further amended by P.L. 2010, c. 2, effective May 21, 2010, which provided that “in consideration of filing a waiver as permitted in subsections a. and b. of this section, an employer may pay to the employee annually an amount, to be calculated at the sole discretion of the employer, which shall not exceed 50% of the amount

saved by the employer because of the employee's waiver of coverage, and for a waiver filed on or after the effective date of P.L. 2010, c. 2, which shall not exceed 25%, or \$5,000, whichever is less, of the amount saved by the employer because of the employee's waiver of coverage;" and

WHEREAS, the decision of the employer to allow its employees to waive coverage and the amount of consideration to be paid therefor shall not be subject to the collective bargaining process; and

WHEREAS, the Township Council desires to ratify and confirm such payments in consideration for the waiver of coverage under SHBP except as modified herein;

NOW, THEREFORE, BE IT ORDAINED by the Township Council of the Township of Teaneck, Bergen County, New Jersey, as follows:

SECTION 1. Paragraph (e) of Section 2-152, Hospitalization and major medical insurance, of Article XXXI, Miscellaneous Provisions, of Chapter 2, Charter/Administrative Code, of the Code of the Township of Teaneck is hereby amended to read as follows:

(e) Waivers of coverage

- (1) Effective May 6, 2008, employees who are eligible for other health care coverage may waive coverage under the State Health Benefits Program to which the employee is entitled by virtue of employment with the Township of Teaneck by the filing of a waiver in such form as the Director of the Division of Pensions and Benefits shall prescribe with the division. After such waiver has been filed and for so long as that waiver remains in effect, no premium shall be required to be paid by the Township for the employee or the employee's dependents. (N.J.S.A. 52:14-17.31a)
- (2) In consideration of filing a waiver as permitted in subparagraph 1 above, the Township shall pay to the employee annually an amount equal to
  - A. 50% of the amount saved by the Township because of the employee's waiver of coverage for eligible employees who have filed a waiver before May 21, 2010, except as hereinafter provided; or
  - B. 25%, or \$5,000, whichever is less, of the amount saved by the Township because of the employee's waiver of coverage for eligible employees who have filed a waiver on or after May 21, 2010, except as hereinafter provided.
  - C. On and after the effective date of this amendatory ordinance, any eligible employee who waives coverage, regardless of the date of the filing of the waiver of coverage, shall receive 25%, or \$5,000, whichever is less, of the amount saved by the Township because of the employee's waiver of coverage

- D. For the purposes computing the payments under Paragraphs B and C above, the amount saved by the Township as a result of an employee's waiver of coverage shall be reduced by the amount of any required contribution by the employee toward the cost of health insurance coverage, either pursuant to state statute or regulation, ordinance, or collective bargaining agreement, as if the employee was receiving coverage.
- E. Eligibility for payment of an incentive for a waiver of health care coverage shall be determined in accordance with the applicable provisions of the State Health Benefits Act and any regulations promulgated thereunder or Local Finance Notices issued interpreting same. Employees who have other health coverage under either the State Health Benefits program (SHBP) or the School Employee Health Benefits Program (SEHBP) shall not be eligible for the payment of a waiver incentive.
- F. On and after the effective date of this amendatory ordinance, the health insurance premium shall be based on the employee's coverage eligibility (family, married, parent/child or single) under the Direct 15 Plan under SHBP, or the equivalent thereof should such plan no longer be provided in the future.
- G. During the month of October of each year, employees who have filed a waiver and are receiving a payment in consideration therefor shall be required to submit the following information:
- i. the other health care coverage provider from which they are receiving health care coverage and whether such coverage is being provided under SHBP, SEHBP or through a private health care provider.
  - ii. the plan under which such health care coverage is being provided.
  - iii. the type of coverage being provided (e.g. family, single, parent/child, married)
  - iv. the cost of such health care coverage for which the employee or the employee's spouse is responsible.
  - v. the name of the employee's spouse and the names and date of birth of any dependent children included under such health insurance coverage.

Failure to provide the foregoing information, shall result in the suspension of the payment for each month or part thereof such information is incomplete.

- H. The foregoing payments shall be pro-rated and payable monthly for each full month the employee waives coverage based upon the total cost to the Township for the current calendar year and the type of coverage for which the employee would have been eligible.
  - I. Payments in consideration for the waiver of coverage shall be treated as wages subject to all employment taxes and shall not affect the taxability of other employees who remain in the State Health Benefits Program.
- (3) Any employee who waives coverage shall be permitted to immediately resume coverage if the employee ceases to be eligible for other health care coverage for any reason, including, but not limited to, the retirement or death of the spouse or divorce. An employee who resumes coverage shall repay, on a pro rata basis, any amount received from the Township which represents an advance payment for a period of time during which coverage is resumed. An employee who wishes to resume coverage shall notify the Township in writing within 60 days of the loss of other coverage, provide the Township with proof of loss of that coverage and file a declaration with the Division of Pensions and Benefits, in such form as the Director of the Division shall prescribe, that the waiver is revoked.
- (4) The decision of the Township to allow its employees to waive coverage and the amount of consideration to be paid therefor shall not be subject to the collective bargaining process.

#### SECTION 2. Severability

If any section, sentence, clause or other portion of this ordinance, or the application thereof to any person or circumstance, shall, for any reason, be adjudged by a court of competent jurisdiction to be invalid, such judgment shall not affect, impair or repeal the remainder of this ordinance.

#### SECTION 3. Inconsistency

All ordinances or parts thereof inconsistent with the provisions hereof, are hereby repealed to the extent of such inconsistency.

#### SECTION 4. Effective Date

This ordinance shall take effect twenty (20) days following passage and publication as required by law or July 1, 2016, whichever is later.