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September 18, 2026

TO: School Employees' Health Benefits Program Certifying Officers, Human Resource Directors and Benefits Administrators

FROM: New Jersey Division of Pensions & Benefits (NJDPB)

SUBJECT: The School Employees' Health Benefits Commission's Failure to Approve Plan Year 2027 Premium Rates, What It Means for Open Enrollment, and Your Compliance with Internal Revenue Service Code Section 125 Plan.

At its meetings on July 27, August 19, and September 3, 2026, the School Employees' Health Benefits Commission (Commission) deadlocked in its vote to set Plan Year 2027 (PY27) premium rates for the School Employees' Health Benefits Program (SEHBP) plans for active employees (*www.nj.gov/treasury/pensions*). The Commission's next meeting is scheduled for September 28, 2026. The Commission will once again vote on whether to approve the PY27 premium rates.

If the deadlock continues at this meeting, resulting in a failure to approve the PY27 premium rates, it is important for you to know for planning purposes that the SEHBP will not be an option for providing health benefits by employers to their employees starting January 1, 2027.

As you are aware, as an employer you are responsible for the operation of your Internal Revenue Code (IRC) Section 125 cafeteria plan (Section 125 Plan). As the sponsor of your Section 125 Plan, it is your responsibility to comply with any IRS requirements for the Section 125 Plan. Accordingly, as an employer you should immediately consult with your own legal counsel regarding your responsibilities under IRC Section 125 and explore other available options for providing employee health benefits if the Commission continues to fail to approve PY27 premium rates.

Regardless of the outcome of the Commission's vote at its September 28, 2026 meeting, it is also important for you to know for planning purposes that this deadlock has already delayed the timeline such that NJDPB will not have the necessary information to make rates and member premium share calculations available for the October 1, 2026 Open Enrollment. If the Commission approves the PY27 premium rates at its September 28, 2026 meeting, NJPDPB will announce on its website the date and period for an alternate Open Enrollment.