

SHBP PDC RESOLUTION # 2026-3

**RESOLUTION OF THE STATE HEALTH BENEFITS PLAN DESIGN COMMITTEE
TO URGE SUPPORT FOR RESTRUCTURING LOCAL GOVERNMENT LOAN
REPAYMENT UNDER CHAPTER 86**

WHEREAS, pursuant to N.J.S.A. 52:14-17.25 to -17.46a, the State Health Benefits Program (SHBP) provides health coverage to qualified employees and retirees of the State of New Jersey (State) and participating local employers; and

WHEREAS, since 2022 the premium costs for medical claims and services have increased over 60% for the state group and over 100% for the local government group, creating an affordability crisis for the budgets of public employers, public employees, and taxpayers; and

WHEREAS, the state actuary recommended another year of premium increases for Plan Year 2027 totaling over 12% for state and over 17% for local government, with the premiums for certain local government plans more than 30%; and

WHEREAS, these significant increases have forced an exodus of over 20% of local government participants from the SHBP, which adds adverse selection margin to the baseline premiums; and

WHEREAS, the State has provided \$120 million in loans to the local government part to cover monthly claims costs since December 2024 and there is an anticipated remaining balance of \$90 million included in Plan Year 2027 premium rate recommendations; and

WHEREAS, the Plan Design Committee recognizes action by the State Health Benefits Commission, Division of Pensions and Benefits, and NJ Legislature may be necessary to implement certain reforms to control premium rates, which will have a corollary effect on plan design decisions before the PDC; and

NOW THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The SHBP Plan Design Committee urges the State and NJ Legislature to undertake all necessary actions prior to Plan Year 2027 to enact legislative amendments to chapter 86 to restructure repayment of the remaining balance of the loan to SHBP-Local Government part in three equal parts over a period not to exceed three years, commencing with Plan Year 2027.
2. The Plan Design Committee refers this Resolution to the Governor, the President of the Senate, the Speaker of the General Assembly, the State Health Benefits Commission, and the Treasurer.

Dated: _____