

SENATE, No. 4657

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED JUNE 23, 2025

Sponsored by:

Senator GORDON M. JOHNSON

District 37 (Bergen)

SYNOPSIS

Modifies reimbursement for premium charges under Part B and Part D of federal Medicare program for certain School Employees' Health Benefits Program enrollees.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning State reimbursement for certain premium
2 charges under the federal Medicare program, and amending
3 P.L.1987, c.384, P.L.1992, c.126, and P.L.1995, c.357.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7
8 1. Section 3 of P.L.1987, c.384 (C.52:14-17.32f) is amended to
9 read as follows:

10 3. A qualified retiree from the Teachers' Pension and Annuity
11 Fund (N.J.S.18A:66-1 et seq.) and dependents of a qualified retiree,
12 but not including survivors, are eligible to participate in the State
13 Health Benefits Program until June 30, 2008, and beginning July 1,
14 2008, in the School Employees' Health Benefits Program, regardless
15 of whether the retiree's employer participated in the program.

16 A qualified retiree is a retiree who:

17 a. Retired on a benefit based on 25 or more years of service
18 credit;

19 b. Retired on a disability pension based on fewer years of
20 service credit; or

21 c. Elected deferred retirement based on 25 or more years of
22 service credit and who receives a retirement allowance.

23 The program shall reimburse a qualified retiree who participates
24 in the program for the premium charges under Part B of the federal
25 Medicare program, established pursuant to Title XVIII of the Social
26 Security Act, Pub.L.89-97 (42 U.S.C. s.1395 et seq.), for the retiree
27 and the retiree's spouse. A qualified retiree who retired under
28 subsections a. and b. of this section prior to the effective date of this
29 1987 amendatory and supplementary act is eligible for the coverage
30 if the retiree applies to the program for it within one year after the
31 effective date, and a qualified retiree as defined under subsection c.
32 of this section whose retirement allowance commenced prior to the
33 effective date of this 1992 amendatory act is eligible for the
34 coverage if the retiree applies to the program for it within one year
35 after the effective date.

36 The premium or periodic charges for benefits provided to a
37 qualified retiree and the dependents of the retiree, and the cost for
38 reimbursement of Medicare premiums shall be paid by the State.
39 An employee who becomes a member of the Teachers' Pension and
40 Annuity Fund on or after the effective date of P.L.2010, c.2 shall
41 pay as a qualified retiree 1.5 percent of the retiree's monthly
42 retirement allowance, including any future cost-of-living
43 adjustments, through the withholding of the contribution, for health
44 benefits coverage provided under P.L.2007, c.103 (C.52:14-17.46.1
45 et seq.) and the State shall pay the remainder of the premium or

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 periodic charges for benefits provided to a qualified retiree and the
2 dependents of the retiree, and the cost for reimbursement of
3 Medicare premiums under Title XVIII of the Social Security Act,
4 Pub.L.89-97 (42 U.S.C. s.1395 et seq.).

5 For a reimbursement of Medicare premiums that are paid on or
6 after January 1, 2025 to any qualified retiree, regardless of the
7 retiree's date of retirement, for the premium charges under Part B
8 (42 U.S.C. s.1395r) and Part D (42 U.S.C. s.1395w-113) of the
9 federal Medicare program for the retiree and the retiree's spouse,
10 the reimbursement shall not include any income-related monthly
11 adjustment amount that is a surcharge that the retiree and the
12 retiree's spouse is required to pay, pursuant to 42 U.S.C. s.1395r(i)
13 and 42 U.S.C. s.1395w-113(a)(7), in addition to the standard Part B
14 and Part D premium charges.

15 (cf: P.L.2010, c.2, s.2)

16
17 2. Section 2 of P.L.1992, c.126 (C.52:14-17.32f1) is amended to
18 read as follows:

19 2. The provisions of section 3 of P.L.1987, c.384 (C.52:14-
20 17.32f) shall apply to:

21 a. any employee of a board of education who retires on a
22 benefit or benefits based in the aggregate upon 25 or more years of
23 nonconcurrent service credit in one or more State or locally-
24 administered retirement systems, or retires on a disability pension
25 based upon fewer years of service credit in that system or systems,
26 or elected deferred retirement based in the aggregate upon 25 or
27 more years of nonconcurrent service credit in one or more State or
28 locally-administered retirement systems and receives a retirement
29 allowance from that system or systems;

30 b. any employee of a county college who retires on a benefit or
31 benefits based in the aggregate upon 25 or more years of
32 nonconcurrent service credit in one or more State or locally-
33 administered retirement systems, or retires on a disability pension
34 based upon fewer years of service credit in that system or systems,
35 or elected deferred retirement based in the aggregate upon 25 or
36 more years of nonconcurrent service credit in one or more State or
37 locally-administered retirement systems and receives a retirement
38 allowance from that system or systems; or who receives a disability
39 benefit pursuant to section 18 of P.L.1969, c.242 (C.18A:66-184);
40 and

41 c. any employee of a county college who retires on a benefit
42 based upon 10 or more years of service credit in the alternate
43 benefit program P.L.1969, c.242 (C.18A:66-167 et seq.) and who
44 has additional years of service credited in another defined
45 contribution retirement program as an employee of a private
46 institution of higher education which, under contract with a county
47 government, provided services as a county college and subsequently
48 merged with a county technical institute to become a county

1 college, which additional years of service when added to the service
2 credited in the alternate benefit program totals 25 or more years and
3 any such employee who retired prior to the effective date of
4 P.L.1999, c.382 if the employee applies to the program for coverage
5 within one year after the effective date of P.L.1999, c.382.

6 The costs of the premium or periodic charges for the benefits and
7 reimbursement of **【medicare】** Medicare premiums provided to a
8 retiree and the dependents of the retiree under this section shall be
9 paid by the State. An employee who becomes a member of a State
10 or locally-administered retirement system on or after the effective
11 date of P.L.2010, c.2 shall pay as a qualified retiree 1.5 percent of
12 the retiree's monthly retirement allowance, including any future
13 cost-of-living adjustments, through the withholding of the
14 contribution, for health benefits coverage provided under P.L.2007,
15 c.103 (C.52:14-17.46.1 et seq.) and the State shall pay the
16 remainder of the premium or periodic charges for benefits provided
17 to a qualified retiree and the dependents of the retiree, and the cost
18 for reimbursement of Medicare premiums under Title XVIII of the
19 Social Security Act, Pub.L.89-97 (42 U.S.C. s.1395 et seq.).

20 For a reimbursement of Medicare premiums that are paid on or
21 after January 1, 2025 to any qualified retiree, regardless of the
22 retiree's date of retirement, for the premium charges under Part B
23 (42 U.S.C. s.1395r) and Part D (42 U.S.C. s.1395w-113) of the
24 federal Medicare program for the retiree and the retiree's spouse,
25 the reimbursement shall not include any income-related monthly
26 adjustment amount that is a surcharge that the retiree and the
27 retiree's spouse is required to pay, pursuant to 42 U.S.C. s.1395r(i)
28 and 42 U.S.C. s.1395w-113(a)(7), in addition to the standard Part B
29 and Part D premium charges.

30 (cf: P.L.2010, c.2, s.3)

31
32 3. Section 1 of P.L.1995, c.357 (C.52:14-17.32f2) is amended to
33 read as follows:

34 1. The provisions of section 3 of P.L.1987, c.384 (C.52:14-
35 17.32f) shall apply to any employee of a board of education who is
36 a member of a pension fund created prior to January 5, 1996 under
37 the provisions of article 2 of chapter 66 of Title 18A of the New
38 Jersey Statutes (N.J.S.18A:66-94 et seq.) and who retires on a
39 benefit based upon 25 or more years of service credit in the pension
40 fund, or retires on a disability pension based upon fewer years of
41 service credit in that pension fund, or elected deferred retirement
42 based upon 25 or more years of service credit and receives a
43 retirement allowance from that pension fund, except that the costs
44 of the premium or periodic charges for the benefits and
45 reimbursement of **【medicare】** Medicare premiums provided to a
46 retiree and the dependents of the retiree under this section shall be
47 paid by the State. An employee who becomes a member of the
48 pension fund on or after the effective date of P.L.2010, c.2 shall pay

1 in retirement 1.5 percent of the retiree's monthly retirement
2 allowance, including any future cost-of-living adjustments, through
3 the withholding of the contribution, for health benefits coverage
4 provided under P.L.2007, c.103 (C.52:14-17.46.1 et seq.) and the
5 State shall pay the remainder of the premium or periodic charges for
6 benefits provided to a qualified retiree and the dependents of the
7 retiree, and the cost for reimbursement of Medicare premiums under
8 Title XVIII of the Social Security Act, Pub.L.89-97 (42 U.S.C.
9 s.1395 et seq.). For a reimbursement of Medicare premiums that
10 are paid on or after January 1, 2025 to any qualified retiree,
11 regardless of the retiree's date of retirement, for the premium
12 charges under Part B (42 U.S.C. s.1395r) and Part D (42 U.S.C.
13 s.1395w-113) of the federal Medicare program for the retiree and
14 the retiree's spouse, the reimbursement shall not include any
15 income-related monthly adjustment amount that is a surcharge that
16 the retiree and the retiree's spouse is required to pay, pursuant to 42
17 U.S.C. s.1395r(i) and 42 U.S.C. s.1395w-113(a)(7), in addition to
18 the standard Part B and Part D premium charges.

19 An employee who retired prior to the effective date of **[this act]**
20 P.L.1995, c.357 is eligible for the coverage if the employee applies
21 to the program for it within one year after the effective date.
22 (cf: P.L.2010, c.2, s.4)

23
24 4. This act shall take effect immediately.

25 26 27 STATEMENT

28
29 This bill modifies reimbursements paid under the School
30 Employees' Health Benefits Program (SEHBP) for premium
31 charges under Part B and Part D of the federal Medicare program.
32 Medicare Part B is part of Traditional Medicare, which provides
33 hospital insurance (Part A) and medical insurance (Part B), or
34 coverage for outpatient medical services, to beneficiaries. Medicare
35 Part D adds optional prescription drug benefits coverage to
36 Traditional Medicare. The bill eliminates reimbursements for
37 income-related monthly adjustment amounts (IRMAA), or income-
38 based surcharges, assessed to federal Medicare beneficiaries beyond
39 Medicare Part B and Part D premiums whose reported income
40 meets certain criteria. By law, the State pays all or a portion of
41 reimbursement costs for Medicare premiums for qualified retirees
42 who receive healthcare coverage in retirement from the SEHBP.

43 The Governor's Fiscal Year 2026 budget recommendations
44 include enactment of legislation to eliminate income-related
45 monthly adjustment amount (IRMAA) reimbursements for premium
46 charges under Part B and Part D of the federal Medicare program
47 under the SEHBP. The Department of the Treasury estimates that
48 this bill will increase revenue for Fiscal Year 2026 by \$35 million.