



## Public Sector Healthcare Affordability and Responsible Governance Act (A5903)

*New Jersey's public sector workers in State and Local Governments deserve access to affordable, high-quality healthcare. Just after the latest state budget cut \$200 million from healthcare benefits for the 2026 plan year, the actuary for the State Health Benefits Program Commission (SHBP) proposed rate increases of 37% for local government workers and 19.7% for state government workers.*

*These rate increases are another devastating blow to the health benefits plan covering 450,000 active and retired public servants. For example, a local government worker earning \$50,000 a year with family coverage will contribute over \$8,300 or 17% of their pay for benefits. A5903 will tackle this problem by addressing healthcare affordability, cost control, and governance & transparency.*

### Cost Control

Healthcare costs are skyrocketing, enriching hospital CEOs and health insurance companies at the expense of working people. The bill helps control costs by:

- Expanding an existing claims review program, which has already resulted in hundreds of millions of dollars of savings
- Putting guardrails on the use of GLP-1s, high-cost weight loss drugs that are driving up costs, while ensuring that employees and their dependents continue to have access to prescription drugs that are medically necessary.
- Requiring more frequent review and approval of new FDA-approved drugs to market, and controlling some of the highest-priced medications

### Affordability

As a result of high costs, premiums, and out-of-pocket costs are increasingly unaffordable for State and Local Government workers. If the State adopts the latest proposal, local government workers are facing a 112% compounded increase in premiums, and state workers are facing a 69% compounded increase since 2021. This is unsustainable - and unacceptable. This bill will ensure affordability for Local Government employees and Local Governments by:

- Requiring the SHBP to offer 5 high-quality plans and, for 2 of those plans, base contribution rates on a percentage of salary rather than premiums
- For local governments outside of the SHBP, this bill triggers collective bargaining if the privately managed plan costs are higher than the SHBP

### Governance & Transparency

For years, the State Health Benefits Plan (SHBP) has been mismanaged and is now on the brink of collapse. In order to ensure effective administration and management of the plan, the bill will reform the governance structure by:

- Expanding the State Health Benefits Commission to ensure equal representation for employees and employers and making sure all key stakeholders are at the table, including representatives from the League of Municipalities and the Association of Counties.
- Merging the powers of the Commission and the Plan Design Committee to make the governance of the SHBP more efficient
- Requiring transparency of insurance prices, performance of the insurance carriers and pharmacy benefit managers, and public contracting