



City of Newark

City Hall
920 Broad Street
Newark, New Jersey 07102

Legislation Text

File #: 22-1622, Version: 1

Dept/ Agency: Administration/Division of Personnel

Action: () Ratifying (X) Authorizing (X) Amending

Type of Service: State Health Benefits Program

Purpose: Terminating all participation under the State Health Benefits Program (Including Prescription Drug Plan and/or Dental Plan Coverage) for employees, dependents and retirees.

Entity Name: State of New Jersey, Department of the Treasury, Division of Pensions and Benefits

Entity Address: P.O. Box 299, Trenton, New Jersey 08625-0299

Contract Amount: To Be Determined

Funding Source: City Budget Lines

Contract Period: August 1, 2017 through January 31, 2023

Contract Basis: () Bid (X) State Vendor () Prof. Ser. () EUS
() Fair & Open () No Reportable Contributions () RFP () RFQ
() Private Sale () Grant () Sub-recipient () n/a

Additional Information:

WHEREAS, the City of Newark (the "City") is a member of the State Health Benefits Plan (SHBP) for its active and retired employees; and

WHEREAS, the SHBP has increased its rate for the 2023 renewal period by approximately 24%; and

WHEREAS, the City sought other more cost effective health care solutions for its active and retired employees; and

WHEREAS, the City through its brokers, solicited self-insured proposals in the private markets; and

WHEREAS, the City was able to secure proposals significantly more financially feasible than the SHBP; and

WHEREAS, the City wishes to terminate its contract with the SHBP; and

WHEREAS, the SHBP requires sixty (60) days notice to terminate the agreement; and

WHEREAS, the City of Newark is seeking to begin new coverage as self-insured effective February 1, 2023.

NOW, THEREFORE, BE IT RESOLVED BY THE MUNICIPAL COUNCIL OF THE CITY OF NEWARK, NEW JERSEY, THAT:

1. The Agreement between the City of Newark (the "City") and State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 299, Trenton, New Jersey 08625-

0299, is hereby terminated.

2. The City hereby resolves to terminate its participation in the Program (Medical Plan, Prescription Drug Plan, and/or Dental Plan coverage) thereby canceling coverage provided by the SHBP and/or SEHBP (N.J.S.A. 517.25 et seq.) for all its active and retired employees.
3. The City shall notify all active employees of the date of their termination of coverage under the Program.
4. The City understands that the New Jersey Division of Pensions and Benefits (NJDPB) will notify retired employees of the cancellation of their coverage.
5. The City understands that all COBRA participants will be notified by the NJDPB and advised to contact our office concerning a possible alternative health, prescription drug, and dental insurance plan.
6. The City understands that this Resolution shall take effect the first of the month following a sixty (60) day period beginning with the receipt of the Resolution by the State Health Benefits Commission or School Employees' Health Benefits Commission.
7. The Mayor of the City of Newark and/or his designee, the Business Administrator and/or the Director of the Division of Personnel are authorized to prepare and execute all necessary and required documents for the City of Newark's employees, dependents and retirees to terminate its contract with the State Health Benefits Program.
8. A copy of all documents shall be filed with the Office of the City Clerk by the Director of the Division of Personnel.

STATEMENT

This Resolution authorizes the Mayor of the City of Newark and/or his designee, the Business Administrator, and/or the Director of the Division of Personnel to terminate coverage through the State Health Benefits Plan and execute any documents necessary to effectuate the termination of agreement between the City of Newark and State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 299, Trenton, New Jersey 08625-0299.