

NEW JERSEY ASSOCIATION OF COUNTIES

County Government with a Unified Voice

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Honorable Thomas Kean
Senate Republican Leader
425 North Avenue, East, Suite C
Westfield, NJ 07090

RE: SENATE, NO. 2999 (*Kean R-21/Vitale D-19*)

Dear Senator Kean:

On behalf of the New Jersey Association of Counties (NJAC), I would like the opportunity to meet with you in person to discuss some of our concerns with S-2999. As you know, this legislation requires local governing bodies to use the competitive contracting process when purchasing health benefit plans for employees.

Although NJAC applauds your efforts to provide an open and competitive process for procuring health benefit plans at a potential cost savings for local government employers, we are concerned with the unintended consequences this legislation will impose. As you know, local governing bodies typically solicit quotes for health benefit plans through a traditional Request for Proposal (RFP) process, which empowers a broker of record to competitively shop and negotiate plan specifications with providers of such plans. Our county administrators, finance officers, and purchasing officials agree that the flexibility of the current process keeps premium increases at consistent and manageable levels that would not be achieved through a competitive contracting process, which would prohibit negotiations between providers and local governing bodies.

Moreover, competitive contracting is an overly burdensome procurement process, which under this legislation, would require local governing bodies to hire costly consultants to prepare, evaluate, and make recommendations on complex proposals. At a time in which local governments are struggling to make ends meet by reducing critical staff, essential services, and capital improvement projects, county officials will find it very difficult to allocate the necessary

resources to pay consultants that may not yield the intended cost savings. In addition to these concerns, this legislation does not seem to provide guidance for local governments that participate in the State Health Benefits Program (SHBP) or on the recommended duration of contracts for health benefit plans.

Despite our concerns with this legislation, NJAC is a strong advocate of openness and transparency in government - especially when it promotes competition that may save valuable taxpayer dollars. With this in mind, we look forward to meeting with you in person to discuss this legislation in more detail, so that we may work on a bill that preserve's your original intent, but makes its implementation more practical for local governments.

NJAC is committed to advocating for legislation, regulations, and policy directives that empower county governments to operate more effectively and efficiently. As a non-partisan organization that represents the only true regional form of government in the State with a unified and proactive voice, NJAC is dedicated to advancing innovative programs and initiatives for the sole purpose of saving valuable taxpayer dollars.

Very truly yours,

John G. Donnadio, Esq.
Executive Director