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Agreement waives higher health benefits contributions in 2027 for State employees and launches a joint effort to make benefits more affordable and sustainable

TRENTON – Governor Mikie Sherrill and 17 unions representing state employees today announced an agreement that waives increases in state employees’ health benefit contribution rates in 2027 and launches a broader, state-led effort to make the State Health Benefits Program more sustainable. As part of that effort, the state will bring together participating unions, members of the legislature, subject matter experts, and other relevant stakeholders to begin work immediately on concrete, evidence-backed measures to address rising health care costs and the structural challenges facing the program.

“From Day One, I have been laser focused on making New Jersey more affordable, and that means tackling hard problems. The rising cost of health care is no exception,” **said Governor Sherrill**. “The severe financial challenges facing the State Health Benefits Program did not emerge in one year or from one decision, and there is no single fix — this is complicated. This agreement brings key stakeholders to the table to take on this challenge together, to address rising costs, while preserving high-quality benefits and putting the program on a more sustainable path for the future. This is about affordability for our public servants, but also for New Jersey taxpayers. Make no mistake; getting this right is key to growing the economic opportunity for all New Jerseyans.”

New Jersey administers one of the nation’s largest and most complex public employee health-benefit systems, providing coverage to approximately 690,000 members across its state employee, local government and education plans. The system’s unique structural challenges have made it harder for the programs to innovate, offer transparency and accountability, and respond with flexibility as costs increase, placing growing pressure on public employees, employers, and taxpayers without addressing the underlying cost of care and prescription drugs.

“This Administration is committed to bringing a broad group of stakeholders to the table and working with our partners in the Legislature to develop a responsible path forward for the State Health Benefits Program,” **said Chief Operating Officer Kellie Doucette**. “This is a problem we must address now. The program’s financial instability affects public employees, employers and taxpayers in communities across New Jersey every day. We must move with urgency, but also thoughtfully and deliberately. Today’s agreement is an important step in that direction, and we look forward to working together on the comprehensive reforms needed to make the program more structurally sound for the future.”

The agreement announced today reflects a shared commitment to evaluate the full range of available reforms and develop evidence-backed solutions that preserve high-quality benefits while improving affordability and long-term sustainability.

By October 1, 2026, the state will establish a working group that includes representatives of the state and unions, as well as other stakeholders the state determines would benefit the effort. That broader process may include plan administrators, carriers, health care providers, independent experts, and others with relevant information and experience.

The working group will evaluate potential reforms and provide advisory recommendations to the Governor. That will include a broad, non-exhaustive range of areas for consideration, including vendor contracting and program operations; claims review and eligibility verification; network innovations such as Centers of Excellence and high-performance networks; plan pricing and premium-contribution structures; plan and benefit design; participation rules; and governance, data transparency, information access, and program capacity.

With the agreement in place, the state and unions are committed to the broader reform work needed to deliver high-quality, affordable health benefits on a more sustainable basis.

“For years, our members gave us a clear mandate: fight for structural reforms to fix our healthcare crisis. They’ve shown up in record numbers to dozens of actions, lobby days, and rallies, and their commitment is why we were able to reach this agreement. It protects our state workers from increased health benefit contributions in 2027 and gives labor a real seat at the table on the system’s actual cost drivers. We’ve said it



from day one: rising health care costs can't be solved by asking workers to pay more year after year without addressing long-term systemic change. We appreciate Governor Sherrill's willingness to work with us, and we're ready to keep building on this agreement to make healthcare affordable and sustainable for all of our members," said **Dennis Trainor, CWA District 1 Vice President**.

"This is a crucial step in bringing about real reform to the State Health Benefits Plan. It prevents our members from having to shoulder additional health care costs, while ensuring that labor has a seat at the table as we work together to make health care more affordable for our members and for the taxpayers. The reality is that you cannot solve the affordability crisis without making health care more affordable, and we appreciate Governor Sherrill's efforts to address it," **said Steve Tully, Executive Director, AFSCME New Jersey Council 63**.

"We would like to thank our coalition partners and the Sherrill Administration for their commitment and common-sense approach to addressing the real time health care crisis in New Jersey. We look forward to working together with all stakeholders in the next few months to bring meaningful resolution to this crisis that address employees health care needs, while helping the state with fiscal responsibility when procuring healthcare and easing the burden on taxpayers and employees," **said Wayne Blanchard, President of the State Troopers Fraternal Association; Daniel Oliveira, President of the State Troopers Non-Commissioned Officers Association; and Frank Serratore, President of the State Troopers Superior Officers Association**.

"AFT New Jersey is encouraged by the Sherrill Administration's willingness to address the structural issues facing healthcare benefits for New Jersey's hard working public employees. We are ready to roll up our sleeves and get to work to help make healthcare affordable and sustain for our members," **said Jennifer S. Higgins, President of AFT New Jersey**.

"IFPTE Local 195 applauds Governor Sherrill for her thoughtful approach to the healthcare funding crisis facing New Jersey's state workers, including those represented by IFPTE. The unprecedented increases in state worker healthcare premiums are simply unaffordable for the v workers that we ask to serve the public day-in and day-out. It is unfair and immoral to ask them to sacrifice essentials such as food and housing, on the one hand, in order to provide healthcare for themselves and their families, on the other. The agreement reached today with t Sherrill Administration will allow our members to avoid this dire scenario in 2027, while also ensuring that labor will be involved in the proce by which the State addresses this crisis moving forward," **said Steve Pinto, IFPTE Local 195 President/IPFTE Atlantic Area VP**.

"The New Jersey Law Enforcement Supervisors Association (NJLESA) believes New Jersey's public employees deserve quality, affordable healthcare without continually rising premiums and out-of-pocket costs. NJLESA supports an agreement that protects employees while providing labor and management the opportunity to pursue meaningful structural reforms to the State Health Benefits Program. We stand ready to work with state leadership to develop fiscally responsible, sustainable solutions that control cost and protect quality healthcare for New Jersey's public employees," **said Andre Godbolt, President New Jersey Law Enforcement Supervisors Association (NJLESA)**.

"New Jersey cannot build an affordable future by making healthcare less affordable for the public employees who care for our communities, teach our students, and provide the essential services that keep our state running. This agreement protects our members in 2027, but its real promise is the opportunity to work together on the structural changes needed to make healthcare more affordable and sustainable for everyone. We appreciate Governor Sherrill's willingness to partner with labor, and we are ready to continue that work," **said Emari DiGiorgio, President of Council of New Jersey State College Locals**.

"State employees did not create the healthcare crisis, and shifting higher costs onto them was never the solution. This agreement protects our members in 2027 and, just as importantly, gives labor a seat at the table to pursue real structural reforms. We appreciate Governor Sherrill's willingness to work with us, and PBA Local 105 is ready to get to work on solutions that protect quality healthcare while making the system more affordable and sustainable," **said William Sullivan, President PBP Local 105**.

"After weeks of negotiating and reflecting on our respective positions, both sides have chosen the path that will bring our healthcare forward into the current age. While IBEW Local Union 30 is pleased that the Governor has listened to our collective pleas and frozen the escalator for this year, the real work of making our healthcare effective and affordable has only just begun. Our current system of balancing the books of the state on the backs of the sick, cannot continue. None of this would have been possible without the solidarity of all of the unions at the bargaining table, and there deserves to be a special shout out to those unions, in particular CWA, who also sit on the various plan committees for helping lead the way to this historic moment. IBEW Local Union 30 looks forward to the hard work of creating an affordable and sustainable healthcare program for this generation of public workers and for generations of public workers to come," **said Alfred C Laubsch, Jr. Business Manager of IBEW Local Union 30**.



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