

Chatham Borough Mayor Thaddeus Kobylarz's Remarks at the Joint Press Conference on the State Health Benefits Program Premium Hikes held in Morris Township on November 29, 2022

The State Health Benefits Program's 20+% rate hike is definitely going to hurt us in Chatham Borough. There is little doubt that, much like municipalities all across the state, this increase will trigger property tax increases for our residents. The money has to come from somewhere. Small towns like us are already stretched thin. Our only recourse, short of 11th hour assistance from Trenton, is to pass the cost on to our taxpayers. A significant loss of services is not an option.

Because of this health benefits rate increase, Chatham Borough's annual health insurance costs will go up next year by approximately \$145,000. This will amount to somewhere between a 12% and a 15% rise in our budget appropriation for 2023.

The vast majority of Chatham Borough employees currently subscribe to the more expensive options under the State Health Benefits Program. (There are 12 such options in all.) We've attempted to get at least some of them to change to lower cost health plans by offering a cash incentive to switch in which 40% of the net savings to the Borough would be shared by those employees. This would not eliminate the overall cost increase, but it would at least mitigate the heavy financial burden to the Borough.

Eight out of forty enrolled Chatham Borough employees have switched. This has lowered next year's projected cost increase to the Borough by \$25,000. While we had hoped more would change, we understand fully the intensely personal reasons the majority of our employees have not.

This arrangement was our immediate response to the state's rate hike. A more long-term solution, one we are now examining, is to shop for other health plan programs. In fact, we are seriously considering participation in a joint health insurance fund (HIF) for local governments, one where municipalities band together to provide health insurance for their respective sets of employees.

We are aware that, in sufficient numbers, multiple municipalities leaving the State Health Benefits Program would reduce that program's premium money and drive up its costs even further. But the harm that this program's 20+% rate hike will do to Chatham Borough next year has created the necessity for close examination of such a move. Moreover, I am hearing from other mayors across the state that we are not alone in contemplating this route.

The bottom line is that the cost impact of the State Health Benefits Program's dramatically steep and burdensome 20+% rate hike has all the hallmarks of an unfunded mandate on local governments, one that will be borne by property taxpayers at a time when the rate of inflation has reached levels not seen in decades and affordability is of paramount concern to all.

Simply put, small towns like Chatham Borough desperately need help from Trenton on this matter. There has got to be a way to offset this painful cost increase statewide.