

Pension and Health Benefits Review Commission
Vote Results
November 16, 2012

S-2048 (Vitale)/A-3041 (Conaway/O'Scanlon)

Requires insurers to provide information about organ donation and allows insurers to limit reimbursement for organ transplant if recipient has not made a gift pursuant to Revised Uniform Anatomical Gift Act.

Motion: Recommend against enactment.

Discussion: The health benefit mandate imposed by this bill would impose yet another governmental notification requirement on the SHBP/SEHBP as a plan administrator. Current mandated notifications include:

- Providing Benefit Summaries each year to each subscriber pursuant to the Affordable Care Act;
- HIPAA notices that are required to be provided to subscribers every three years;
- CMS's annual notification requirements for Medicare eligible members enrolled in our RX program.

The cross communication between the SHBP/SEHBP, the NJ Motor Vehicle Commission and the plan carriers that would be required under this bill poses administrative and logistical challenges.

Mandate imposed by this bill would usurp the authority provided to the SHBP/SEHBP Plan Design Committees created by Chapter 78, P.L. 2011 (Pension and Health Benefit Reform) to develop the plan design of these programs.

It's not prudent to demand that critically ill individuals be required to pay more for needed medical services because of failure to register as an organ donor. Personal or religious beliefs may preclude organ donor registration.

S-2076 (Beach)/A-3094 (Wilson)

Concerns sharing of certain services by municipalities subject to provisions of "Municipal Rehabilitation and Economic Recovery Act."

Motion: Recommend against enactment.

Discussion: Limiting comments to the retirement component of this bill, the Commission opposes this bill because early retirement incentive (ERI) programs have proven themselves to be costly with no guarantee that they provide long term financial relief to the entities that adopt them.

Bill limits the ERI program only to locations subject to the provisions of the Municipal Rehabilitation and Economic Recovery Act, and not to all locations, considering shared services agreements. The Commission suggested open discussions should take place to consider if ERI programs are feasible under these arrangements.

Technical Problems with the Bill:

- The first paragraph indicates that both PFRS and PERS members would be eligible for the early retirement incentive, but the pension incentive provided in paragraph two only indicates 5 years of additional PFRS pension service credit;
- The bill does not require any formal communication by the employer to notify the Division of Pensions and Benefits that they have elected to provide an early retirement incentive;
- The bill contains no provisions regarding the adopting employer's responsibilities for payment of the additional pension liability incurred.

A-3080 (Schaer/Lampitt/Giblin/Mosquera)/S-2166 (Thompson/Madden)

Requires health benefits coverage for refills of prescription eye drops under certain conditions.

Motion: Recommend against enactment.

Discussion: This bill would change the SHBP/SEHBP's prescription drug policy regarding the frequency of refills for prescription eye drops to coincide with the policy recommended by the Centers for Medicare and Medicaid Services (CMS) to Medicare Part D plan sponsors for topical ophthalmic products. Since all Medicare eligible retirees in the SHBP/SEHBP are Medicare Part D participants, the SHBP/SEHBP is obligated to adopt the CMS's guidance as it relates to this group even if this bill were not enacted. If this bill is enacted, the SHBP/SEHBP would be further required to apply the CMS's policy to all active plan participants and non-Medicare eligible retirees.

The State's Prescription Drug Plans include various procedural and administrative rules and requirements designed to ensure appropriate prescription drug usage and to encourage the use of cost effective drugs, otherwise known as utilization management. Through these efforts, plan members benefit by obtaining safe amounts of appropriate prescription drugs in a cost-effective manner. One of programs included in the State's Prescription Drug Plans utilization management is Quantity Management. Quantity management limits the maximum amount of one medication a covered participant may receive over a period of time.

The commission believes that the provisions of this bill should not be legislatively mandated on the SHBP/SEHBP. The health benefit mandate imposed by this bill would usurp the authority of the SHBP and the SEHBP Plan Design Committees. These committees were created with the enactment of P.L. 2011, c.78 (Pension and Health Benefit Reform) and were provided with the responsibility for plan design.

A-3151 (O'Scanlon/Bucco)

Requires certain elected officials and appointed officers eligible for dual health benefits coverage to choose coverage from one public entity.

Motion: Recommend to enact with amendment.

Discussion: As a result of the enactment of P.L. 2010, c.2, participants in the SHBP/SEHBP are already precluded from multiple health benefit coverage (see Section 12). This prohibition, however, is limited to multiple SHBP/SEHBP coverage. Chapter 2's multiple coverage prohibition did not extend to coverage outside of the SHBP/SEHBP. The enactment of this bill would extend the multiple health benefit coverage prohibition to coverage in and out of the SHBP/SEHBP, although limiting its provisions to elected and appointed officials.

P.L. 2003, c.308 was enacted into law and provided that if a member of the Legislature elects health benefits coverage on the basis of service in the Legislature, the member will not enroll as the primary insured for health benefits for which the member is eligible through any other public entity, and will not accept any amount of money in consideration for filing a waiver of coverage. The provisions of this bill would extend a similar prohibition to any person holding State or local elective public office, or serving as an appointed member of a governing or advisory body of an independent authority, board, commission, agency or instrumentality of the State, regardless if the coverage was through the SHBP/SEHBP.

The Commission recommends the bill be amended to clarify which employer's health benefit coverage should be dropped and suggests the coverage retained be based on the higher paid (full-time) position.