

**Pension and Health Benefits Review Commission
Vote Results
May 9, 2008**

S-1394 (Kean)

Requires prospectively compensation of \$15,000 or more for membership or certain service credit in TPAF or PERS.

Motion: Recommend to enact with recommendations.

Discussion: The Commission recommends the indexing of future compensation be permitted as an enhancement to the bill and to prohibit the aggregation of compensation for members who are employed by more than one local public agency. Also, consideration should be given to the compensation threshold based on the recommendations of the Benefits Review Task Force and the Joint Legislative Committee report which both recommended increasing to \$5,000.

S-1319 (O'Toole)

Revises benefits calculation for PERS and TPAF members retiring after certain date to average of five highest-paid years, and for JRS members retiring after certain date to average of three highest-paid years.

Motion: Recommend to enact with recommendations.

Discussion: The Commission recommends that the bill include the Police and Firemen's Retirement System and the State Police Retirement System. Also, to consider the legal opinions of the Attorney General's Office and the Office of Legislative Services that any legislation that detrimentally alters the pensions of active members in the State-administered retirement systems with at least five years of service, or of retired members, "would be unconstitutional as a violation of the federal and State constitutional proscription against impairment of the obligation of contract."

A-2446 (Polistina, Amodeo, O'Scanlon)

Makes elected officials with compensation less than \$50,000 ineligible for health care benefits on the 61st day after enactment.

Motion: Recommend not to enact.

Discussion: This bill would establish an earnings threshold to determine employer-paid health benefits coverage for elected officials. The Commission suggested that something other than an earnings threshold be used to determine eligibility for health benefits coverage, such as hours worked. Also, local governments should have the ability to establish their own criteria for determining when positions become eligible for health benefit coverage.

A-2467 (Cohen, Bramnick)

Requires health insurance coverage for anesthesiology services in connection with outpatient diagnostic screenings, including colonoscopies.

Motion: Recommend not to enact.

Discussion: Generally, the Commission does not recommend mandating health benefits coverage since it tends to continue to place the health insurance industry outside of the "free enterprise" system and increases the costs of health insurance for both employer provided coverage and individual policies.

S-1483 (Sweeney)

Allows State to offer incentive to waive SHBP coverage to employees eligible for other health.

Motion: Recommend not to enact.

Discussion: The bill as written provides no assurances that there will be savings to the State. The SHBP premium rates for the State are determined separately from those of local employers participating in the plan based upon the experience of all State employees as a group. To the extent there is a duplication of coverage and expenses for which the group would be otherwise liable for are paid by another group insurance policy, the group experiences a reduction in liabilities from which all members of this group benefit. This favorable experience results in lower rates, which could result in lower aggregate SHBP costs for the State. However, if the claims costs remain with the SHBP, then aggregate State costs may actually increase when incentives are paid to waive coverage. This may occur when two spouses are employed by the State. If an incentive is paid to one spouse to waive SHBP coverage, and the other spouse maintains SHBP coverage with the waived spouse included as a dependent, the aggregate claims remain unchanged. State savings can only be realized if claims associated with the waived coverage are transported out of the SHBP.

S-962 (Van Drew)

Eliminates maximum age requirement for appointment as police officer or paid firefighter.

Motion: Recommend not to enact.

Discussion: The PFRS is a retirement system designed to encourage retirement at early ages. The elimination of the age 35 membership requirement may encourage future legislation to further enhance the PFRS benefits to accommodate older police and firemen who would be required to retire because of the age 65 mandatory retirement provision but have not qualified for one of the several enhanced PFRS pension benefits designed to encourage early retirement. Current PFRS statutes allow members to retire at any age upon attaining 25 years of service with an annual pension of 65% of final compensation. They may also retire upon attaining 20 years of service at 50% of final compensation. This is in contrast to the 2% of final average compensation pension accrual rate for each year of service a PFRS member is entitled to under a regular service retirement. In addition, the rates of disability retirement may increase significantly if this bill is enacted, and ultimately increase future employer pension costs. Older members who would not qualify for an enhanced early retirement benefit could make claims to a disability pension and significantly increase their pension income over the regular service retirement.