

**Pension and Health Benefits Review Commission
Vote Results
November 7, 2008**

A-3165(Johnson)

Requires certain appointed public officials to work 35 hours or more per week to be eligible for PERS and SHBP.

Motion: Support enactment with the recommendation that the bill should be broader to impact all career full-time employees.

Discussion: As written, the bill only partially addresses the issue of pension abuse since it is intended to impact only certain appointed public officials and not to all part-time public employees. The bill would restrict the ability to acquire health benefit coverage toward more legitimate full-time employees. However, the bill is very limited in scope since it would only preclude health benefit coverage for appointees who are considered less than full-time. The Commission recommends providing employer-paid health benefit coverage only to full-time employees, regardless of title or position.

S-2090 (Scutari)

Requires that appointee to office or position whose term begins after effective date work 35 or more hours per week to qualify for PERS membership on basis of appointment.

Motion: Recommend not to enact since bill does not have a provision eliminating health benefit coverage for appointees that work less than full-time.

Discussion: The bill's impact is limited to only part-time appointed officials and not all part-time public employees. There is no provision to eliminate health benefit coverage to appointees that work less than full-time. The Commission recommends a broader bill that would eliminate both PERS membership and SHBP participation to all part-time public employees.

S-2099 (Weinberg/Adler)/A-3301 (Johnson)

Requires certain appointed public officials to work 35 hours or more per week to be eligible for PERS and SHBP; requires termination of PERS and SHBP participation of certain appointed officials whose term of appointment expires.

Motion: Support enactment with the recommendation that the bill should be broader to impact all career full-time employees.

Discussion: As written, the bill only partially addresses the issue of pension abuse since it is intended to impact only certain appointed public officials and not all part-time public employees. The bill would restrict the ability to acquire health benefit coverage toward more legitimate full-time employees. However, the bill is very limited in scope since it would only preclude health benefit coverage for appointees who are considered less than full-time. The Commission recommends providing employer-paid health benefit coverage only to full-time employees, regardless of title or position.

A-2891 (Cruz-Perez)

Allows SPRS members to purchase service credit for military service, out-of-state public employment and employment with federal government.

Motion: Recommend enactment.

Discussion: The bill will extend the ability for a SPRS member to purchase pension service credit for time that may already be purchased by members of the other State-administered retirement systems. The bill may be cost neutral since members would pay the full-cost of the purchase but there would be costs associated with the purchase if the additional service credit provided the member with SHBP eligibility.

A-2842 (Lampitt/Spencer)

Requires health insurers to provide benefits for magnetic resonance imaging for certain women at high risk for breast cancer.

Motion: Recommend not to enact since bill would eliminate the oversight provided by health insurance carriers.

Discussion: There is a concern regarding the language in the bill that requires coverage by the plan when a magnetic resonance imaging for women at high risk for breast cancer is deemed medically necessary by the treating physician. This language transfers the review from the health insurance carrier to the treating physician who prescribed the procedure. In most cases, the procedure prescribed by the physician will be deemed to be medically necessary and covered by the plan. Transferring the review from the health insurance carrier to the physician alone may in some cases require payment for additional procedures that may diminish the plan's ability to control claim costs. Annual increases of over \$30 million in SHBP costs to State and local employers will result.

S-2087 (Haines)/A-3076 (Addiego/Rudder)

Requires person eligible for health care benefits from more than one public entity to choose coverage from only one.

Motion: Recommend enactment.

Discussion: The Commission supports the enactment of this bill because it expands the prohibition currently imposed on members of the State Legislature regarding multiple health benefit coverage to all public employees. In addition, the person may not accept any amount of money in consideration for filing a waiver of health care benefits.

A-3248 (Scalera/Caputo)

Allows PFRS retiree to be reemployed by office of county prosecutor without reenrolling in PFRS.

Motion: Recommend not to enact.

Discussion: State pension law provides a generally uniform requirement applicable to all the State-administered retirement plans which requires reenrollment and suspension of pension benefits if a retiree is reemployed in a position covered by the pension system from which he/she retired. The provisions of this bill will promote the questionable practice of "double-dipping" which is receiving a salary and a public pension simultaneously.

A-3249 (Scalera, Caputo, Rible, Schaer)/S-2155 (Rice)

Enhances PFRS accidental death pension benefit for survivors of member serving in nonsupervisory rank.

Motion: Recommend not to enact.

Discussion: The accidental death pension payable to the beneficiary of a member of any of the State-administered defined benefit retirement plans were all based on a percentage of final compensation, i.e. the salary of the member at the date of death. The accidental death pensions payable to the surviving spouse in the State's plans are currently based on a percentage of final compensation. Since this bill changes the definition of final compensation when calculating the accidental death pension to the amount of highest compensation within the relevant rank and department under the contract in effect at the time of death for the PFRS only, its enactment would create an even further disparity in determining the accidental death pension payable when compared to other State plans. This bill's provisions are retroactive to September 1, 2008, indicating that it may be special legislation.

A-3255 (Albano/Milam)

Requires designation of one position for PERS membership by person holding more than one PERS-covered position.

Motion: Recommend not to enact since the bill may promote pension abuse.

Discussion: The enactment of this bill may in fact, create the potential for pension abuse. Since members are to designate one position for enrollment, there is a concern that they will select the lowest paying position. This will enable them to contribute the lowest dollar amount to the pension system during their earlier pension years. A member approaching retirement can terminate from the lower paying position and designate the higher paying position for pension purposes and collect a lifetime pension calculated on the higher salary. The State and local employers participating in PERS would be responsible for the unfunded pension liability created..