

Pension and Health Benefits Review Commission
Vote Results
December 18, 2009

A- 4176 (Wagner/Voss)

Requires premium sharing for health care benefits for elected officials and certain appointed officials.

Motion: Recommend enactment.

Discussion: The Commission supports this bill, since it will result in reduced State and local employer active health benefits costs. Another recommended approach is to require 20 percent of the expected premium for the program as a whole, but an individual can buy up or down by paying 100 percent of the cost differential. In this case, a participant would pay exactly 20 percent of the premium for an average plan, but if the participant wanted to enroll in a richer plan that has a premium that is \$100 more per month, than the employee would pay 100 percent of the additional \$100 per month. This means that a participant would be paying more than 20 percent of the premium for more expensive coverage options and less than 20 percent of the premium for less expensive coverage options.

A-4254 (Rible/Johnson) /S-2986 (Sweeney)

Requires local unit public employers to maintain and preserve retiree health benefits of PFRS retirees at least at the same level as provided at employee retirement.

Motion: Recommend against enactment.

Discussion: The Commission opposes this bill because it removes the employer flexibility to manage health benefit costs. This bill will preclude any future benefit structure design changes that both participating and non-participating SHBP local employers may feel is required to manage employee benefit costs from impacting their employees who retire from the PFRS with employer paid post-retirement medical benefits. If enacted, this bill would be administratively burdensome to the SHBP if future benefit design changes are adopted for the program, while a special benefit structure must be maintained only for retirees from the PFRS. Over time, the administration would get increasingly complex as different tiers of health benefit coverage applicable to PFRS retirees must be accounted for.

A-4259 (Giblin/Watson Coleman)/S-222 (Singer)

Allows application for PERS accidental disability benefit for injury sustained while employed at State psychiatric institution or correctional facility immediately prior to PERS membership.

Motion: Recommend against enactment.

Discussion: The laws governing the PERS make the enrollment of an otherwise eligible employee in the pension system compulsory on the date the individual is employed. The law, however, precludes the enrollment of any public employee employed on a temporary basis until such time that the employee has accumulated one year of continuous service.

The statutory provisions regarding the eligibility for accidental disability pension benefits are generally uniform under all the major State retirement systems. An application for an accidental disability pension must be filed by a member within five years of the qualifying traumatic event. This bill would provide an exception to the PERS laws by providing an accidental disability pension to an individual when the traumatic event that would purportedly qualify the member for the benefit occurred prior to becoming an actual member of the pension system. The enactment of this bill would serve to encourage the continued introduction of more special legislation.

S-870 (Connors/Van Drew)/A-758 (Connors)

Broadens eligibility for certain veterans' benefits by eliminating requirement of service during specified dates or in specified locations.

Motion: Recommend against enactment.

Discussion: The Commission believes that the Legislature's intent when it originally provided veterans preference in the State was to include all who served in the "theatre of operations" during world wars or major national emergencies. To include military duty where only limited, regional service is involved would provide a windfall for those who had no direct participation in a military engagement and detracts from the original intent regarding entitlement to this benefit.

Pension liabilities for veteran members are approximately 50% higher than for non-veteran members. Expanding the eligibility of pension system members that could qualify for a special veteran retirement will increase State and local pension costs significantly.

S-3020 (Scutari)

Provides temporary PERS definition of contractual salary which includes deferred collectively negotiated wage increases currently applicable to Executive Branch employees will also apply to Judicial Branch employees in PERS.

Motion: Recommend enactment.

Discussion: The Commission supports this bill since it will provide Judicial Branch State employees who are members of PERS with the same pension protection the enactment of Chapter 85, P.L. 2009 provided to PERS members who are State employees in the Executive Branch. In order for PERS members to receive credit in the pension system for the deferred wage increases, they would be responsible for member contributions on the deferred wages. Members would be required to contribute at the rate of 5.5 percent

on both the actual salary they receive and on the deferred increase. Retroactive employee contributions to July 1, 2009 would be required.