

**Pension and Health Benefits Review Commission  
Vote Results  
January 19, 2007**

**S-2362 (McNamara)/A-3641 (O'Toole)**

Requires health insurers and SHBP to provide coverage for anorexia under same terms and conditions as for other diseases and illnesses.

**Motion:** Recommend not to enact since it would increase State and local employer SHBP costs and continues the questionable practice of mandating health benefit coverage.

**Discussion:** Treatment for anorexia is covered by the SHBP under the rules regarding coverage for non-biologically based mental illness. Coverage is limited to maximums of \$10,000 per calendar year and \$20,000 for the entire period of the person's coverage under the plan. This bill would remove the non-biologically based mental illness limitation for anorexia which would increase the SHBP costs to over \$15 million annually.

**S-2284 (Karcher/Weinberg)/A-3659 (Baroni)**

Requires insurers and State health care coverage programs to cover cost of HPV vaccine.

**Motion:** Recommend not to enact since it will increase SHBP costs to the State and participating employers and continues the questionable practice of mandating health benefit coverage.

**Discussion:** The enactment of this bill would mandate coverage for the HPV vaccination in the Traditional Plan and NJ PLUS out-of-network, which currently does not provide coverage for preventative vaccinations. This vaccination is covered under the NJ PLUS in-network plan and the participating HMO's in the SHBP. Annual State and local employer SHBP premiums are estimated to increase by \$2.2 million.

**A-3501 (Giblin/Diegnan)**

Permits alternate benefit program retirees with 25 or more years of service to enroll in SHBP.

**Motion:** Recommend not to enact since it may burden the State with additional SHBP costs.

**Discussion:** The bill is unclear as to who would pay for the post-retirement medical coverage: the retiree or the State. Under the current law, the State is liable for the cost of the post-retirement medical coverage for any ABP member that retires with 25 or more years of pension service credit. Prior to the enactment of Chapter 209, P.L. 2001, a member was required to have 25 years of service credit in one specific retirement system to qualify for health benefits. Chapter 209 allowed the accumulation of 25 years of pension service credit in more than one pension system to qualify for this State-paid benefit. This bill would allow SHBP participation as long as the ABP retiree has 25 or more years of public employment for which pension service credit was once received but rescinded because of withdrawal of the plan. Under current law, the lack of 25 years of pension service credit would preclude the ABP retiree from the State-paid post-retirement medical benefit.

**A-3722 (Van Drew)**

Allows members of PERS Prosecutors Part to establish purchased PERS credit in the Part at additional cost.

**Motion:** Recommend not to enact since it will encourage the introduction of more legislation seeking to enhance Prosecutors Part benefits even further.

**Discussion:** The enactment of this legislation will allow Prosecutor Part members who can take advantage of this bill's provisions to purchase additional PERS service credit to qualify for the enhanced benefits sooner than they would otherwise be able to, thereby accelerating the State's pension costs required to fund the higher pension benefits associated with the Prosecutors Part.

**A-3719 (Van Drew)**

Permits PFRS retirees to borrow from State-provided death benefit funds equal to no more than 50% of benefit's total value.

**Motion:** Recommend not to enact since there are no funds available to issue loans.

**Discussion:** The State's group life insurance death benefit is a self-funded program with no reserve monies maintained. Employers contribute annually toward the non-contributory group life insurance (NCGLI) benefit only the amount needed to pay the death benefit claims due. Although the NCGLI premium is paid annually by employers along with their pension contributions, pension and life insurance contributions are accounted for separately, as required to maintain the pension system's tax qualified status under the Internal Revenue Code. This self-funded arrangement is not conducive to a loan program as proposed by the bill.

**A-3678 (Merkt)**

Limits retirement allowance of new enrollees in JRS to two-thirds of final salary.

**Motion:** Recommend not to enact since the savings associated with its enactment would be nominal.

**Discussion:** The Joint Legislative Committee on Benefits Reform report concluded that there are valid reasons not to make changes in the pension coverage provided to members of the JRS. Their report stated, "Unlike the members of the other retirement systems, judges usually become members of the JRS later in life, often after a career as an attorney in private practice. Their time in public service tends to be shorter than most public employees. In private practice, their salaries tend to be higher than when they are judges. As a judge, however, their salaries and pensions tend to be higher than the average public employee. This differential is essential to enable the State to stay competitive with the private sector when recruiting.

**A-3601 (Cohen)**

Establishes Administrative Law Judges Part in PERS; funds payment of unfunded accrued liability thereof with certain new OAL filing fees.

**Motion:** Recommend not to enact since additional State employer pension costs will result and the additional filing fees created amount to a hidden tax.

**Discussion:** This bill would provide a significant pension benefit enhancement to 42 administrative law judges. It would also generate filing fees to cover the additional unfunded accrued liability payments created by the bill. If the filing fees are not adequate to cover the payment toward the unfunded accrued liability, the employee contribution rate can be increased from 5 percent to no more than 7 percent. It can be assumed that the State would be liable for any excess pension amounts due and any increased normal cost generated by the bill. Since this bill mirrors the Workers Compensation Judges Part of PERS, it should be noted that the Joint Committee on Public Employee Benefits Reform recommended closing participation in this pension system prospectively.

**A-3368 (Diegnan/Barnes)**

Provides PFRS and PERS accidental disability retirement and death benefits for volunteer firefighter service-connected injury or death.

**Motion:** Recommend not to enact since the bill does not address the unfunded pension liabilities associated with it.

**Discussion:** The enactment of this bill does not address the issue of the steady decline of volunteer firefighters. The bill states that the major factors contributing to the decline include increased time demands, more rigorous training standards, and the proliferation of two-income families. The bill as written does not remedy any of these issues. Instead it would increase the rate of accidental disability pension and accidental death awards to levels not actuarially anticipated, which would increase State and local employer pension contributions.