

# Committee Meeting

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## ASSEMBLY SELECT COMMITTEE ON CIVIL SERVICE AND EMPLOYEE BENEFITS

"To Continue Receiving Germane Testimony"

**LOCATION:** Committee Room 10  
Legislative Office Building  
Trenton, New Jersey

**DATE:** April 23, 1992  
2:35 p.m.

### MEMBERS OF SELECT COMMITTEE PRESENT:

Assemblyman David C. Russo, Chairman  
Assemblyman Richard H. Bagger, Vice-Chairman  
Assemblyman Alex DeCroce  
Assemblywoman Harriet Derman  
Assemblywoman Stephanie R. Bush  
Assemblyman Louis A. Romano



### ALSO PRESENT:

Pamela H. Espenshade  
Office of Legislative Services  
Aide, Assembly Select Committee on  
Civil Service and Employee Benefits

**Hearing Recorded and Transcribed by**  
The Office of Legislative Services, Public Information Office,  
Hearing Unit, 162 W. State St., CN 068, Trenton, New Jersey 08625-0068





New Jersey State Legislature

ASSEMBLY SELECT COMMITTEE ON CIVIL SERVICE  
AND EMPLOYEE BENEFITS

Legislative Office Building, Cn 068  
TRENTON, NEW JERSEY 08625-0068  
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David C. Russo  
Chairman

Richard H. Bagger  
Vice - Chairman

Alex DeCroce  
Harriet Derman  
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COMMITTEE NOTICE

TO: MEMBERS OF THE ASSEMBLY SELECT COMMITTEE ON  
CIVIL SERVICE AND EMPLOYEE BENEFITS

FROM: ASSEMBLYMAN DAVID C. RUSSO, CHAIRMAN

SUBJECT: **COMMITTEE MEETINGS - APRIL 21, 1992 and April 23, 1992**

*The public may address comments and questions to Pamela H. Espenshade, Committee Aide, or make scheduling inquiries to Kathleen Lieblang, Secretary, at (609) 292-9106.*

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The Assembly Select Committee on Civil Service and Employee Benefits will meet on **Tuesday, April 21, 1992 at 2:00 P.M.** and on **Thursday, April 23, 1992 at 2:00 P.M.** in **Committee Room 10** of the **Legislative Office Building, Trenton, New Jersey.**

Issued April 15, 1992



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Charles Ardman Director Health Care Management Prudential Insurance Company	3
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### APPENDIX:

*Cover of brochure entitled "Governor's Management Review Commission Operational Review of Sick Leave Usage"	1x
*Cover of brochure entitled "Governor's Management Review Commission Operational Review of Fringe Benefits"	2x

\*NOTE: Complete brochures on file with Office of  
Legislative Services Aide to Select Committee.

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ASSEMBLYMAN ALEX DeCROCE: Ladies and gentlemen, from now on when we get here at 2:00, we are going to try to -- those of us who are here are going to try to start these hearings on time.

We will start today with the Governor's Management Review Commission. I am going to start off with Michael Scheiring. How are you, Mr. Scheiring? I am Alex DeCroce.

ASSEMBLYMAN ROMANO: Just in retrospect, Alex, they were here the last time--

ASSEMBLYMAN DeCROCE: I didn't realize that.

ASSEMBLYMAN ROMANO: --going over the recommendations, and they were picking up on that point.

I would like to take this opportunity-- I took the liberty of providing OLS with a communication on behalf of the DAV, which expresses an opinion on their part for our consideration with reference to disabled veterans. They asked that it be submitted as testimony to the Committee. I took the liberty of providing it to the OLS person. Copies were made available. I took the liberty of making copies, as well, so everyone has one.

ASSEMBLYMAN DeCROCE: Okay, Mr. Scheiring, you're on.

M I C H A E L J. S C H E I R I N G: Assemblyman DeCroce, I am not going to make a prepared statement today again. We provided one at the last Committee hearing, and I think every one of you has had an opportunity to not only hear those statements, but to digest them.

What I would like to do, though, is take the opportunity, perhaps, to reiterate what we felt was, perhaps, the most important thing which this Committee has to deliberate upon. As someone who had the luxury, or, say, the opportunity to have some very quality people involved in a very complex and difficult subject in a relatively short period of time, we can very much empathize with the task and mission that this Committee has before it. It is awesome.

The major theme, I think again, that we very much think is critical to any kind of review in this area, is to take a holistic approach, an examination of the full range and spectrum of benefits that the State offers its employees. Those individuals, of course, are our most important asset in delivering the critical services to the State. I think New Jersey is blessed -- very blessed indeed -- to have a very professional public work force, and to examine that in any other kind of manner-- I think, from our perspective and our review, we were concerned in many ways, but particularly with the fact that it has been a period of time, almost two decades, since some of these areas have been looked at in an intense kind of manner, and that too often they have been viewed and examined, or dealt with, in perhaps a reactive and piecemeal way.

Any progress has to be looked at from a total compensation point of view, both in terms of direct compensation -- their fringe benefit package -- and again, the array of programs that the State provides to support its important work force: whether it be training; whether it be its sick leave usage; whether it be the type of work force it has in terms of use of contingency staffing; what it is, again, in the way of fringe benefits it offers; the kinds of protections and benches it provides in terms of illness, both on the job or off the job.

With that, we are here again to continue at your pleasure to talk about continuation on the utilization aspect, which is where we dropped off, if you like, or to talk about any one of those reports, as you see fit.

ASSEMBLYMAN DeCROCE: Okay. Assemblywoman Bush?

ASSEMBLYWOMAN BUSH: No questions.

ASSEMBLYMAN DeCROCE: Assemblyman Romano?

ASSEMBLYMAN ROMANO: I have no questions.

ASSEMBLYMAN DeCROCE: Do you want to go through the recommendations on page 12? (referring to one of the booklets supplied by the Governor's Management Review Commission)

MR. SCHEIRING: Yes, we would be happy to, Mr. DeCroce.

Again, very briefly, in the utilization area-- I think that perhaps maybe before we go through the recommendation, it would be appropriate to spend a few minutes talking about what the Commission did in that area, and especially to again reintroduce Charles Ardman, who sits at my right, who is the Director of National Health Benefits for Prudential, and acts, frankly, as their major account investigator for "Fortune 500" companies. He is a national expert in this area. I would also like to reintroduce Steve Clark, on my left, who is Associate Executive Director for the Governor's Management Review Commission. I would also like to introduce Kid Walsh, who is also with the Commission staff, and has been involved and engaged in all of the reviews we have had in the comprehensive human resource management package the State provides.

As part of the review, we were very fortunate and pleased to have some cooperation, not only from Prudential and the Division of Pensions, but from Blue Cross and Blue Shield. What we did was an examination of all the medical payments that the State processed during the year 1989, with a selective examination of those areas and the diagnostic testing area.

As I think the Committee recalls, we talked about an examination of over 511,000 medical claims. As we chatted the day before, there were a number of instances where frankly we were concerned with the types of utilization that were occurring. I might then, at this juncture, ask Mr. Ardman to perhaps elaborate on that to some extent.

CHARLES ARDMAN: Thank you.

When we began this review, one of the charges made to the group analyzing the data was, "Take a look at it from all

the different perspectives, but most importantly, take a look at it relative to what is happening in the public and private sectors outside of New Jersey." So all we did was really in the context of compare and contrast with what we are seeing as current trends and current concerns in the health care delivery system marketplace.

There was, as Michael mentioned, reams of data that we reviewed. It was easy to get lost in the data. What we tried to do was focus on what has been demonstrated time and time again to be areas that lend themselves, with appropriate or proper management of resources, to generating the biggest bang for the buck, if you will; how to leverage the most benefits per dollar of expense for the employees of the State of New Jersey covered by this Plan.

That led us to look at a number of components of the current Plan, its design, and its administration. I think I would like to tie this in to reviewing the recommendations on page 12, because in that context it lends itself very neatly to this, and will allow us to move forward.

The first area we reviewed was the utilization of hospitals and the expense associated with hospital reimbursement under the Plan. Given the fact that New Jersey is a DRG State, that hospital reimbursement is, for the most part, fixed based on admitting diagnoses, and not on a per diem, or per unit of service basis as delivered, we still believe there are significant opportunities to manage the appropriate utilization of hospitalization.

Clearly, the majority of hospitalizations are needed and legitimate, but what we have found -- and this is not within the State of New Jersey Plan; this is generally within the industry -- is that there are a number of procedures that can be performed with as good as, if not better outcomes on an outpatient basis than on an inpatient basis, and far more cost-effectively. That led us to recommend a Precertification

and Concurrent Review Program for hospitalization; kind of a validation before the patient is admitted to the hospital that, yes, indeed, it is in fact the most appropriate place for whatever service the physician has ordered to be delivered.

Ofttimes, even in a DRG environment, there are a number of opportunities to effect savings and not in exchange for any type of negative impact on the potential care or outcome of the treatment. For example, probably we have all experienced, or know someone who has had outpatient surgery in the last year or two, where five to ten years ago that same surgery would have required an overnight stay in the hospital. Most hospitals are responding to both marketplace and clinical data, which show, again, that the outcomes are as good as, if not better, and the resources are much more efficiently utilized.

We included in this recommendation that it be a mandatory program. We found from our experience that voluntary programs don't work. There is no incentive for someone to take an extra step, if there is not a financial penalty associated with it. We found that to be the most effective incentive. The financial penalty, in this case, would be defined as -- in the neighborhood of a lower reimbursement, maybe to the tune of 20 percent. Still, certainly a significant part of the bill would be reimbursed, but not in full, as is current.

Another area we looked at -- and I will move to the second bullet under recommendations -- still within the hospital context but also expanding beyond that as well, is for psychiatric care and substance abuse programs. We have found, both from looking at the data for the State of New Jersey and in the industry, that psychiatric and substance abuse care is a subset of medical care today that in New Jersey falls outside of DRGs. In other words, the costs are on a unit charge basis per diem, a daily charge for the hospital, plus a charge for the actual treatment delivered within the hospital. Also, we

found it to be an area that is subject to abuse, but the abuse isn't solely due to the fact that the providers are gaming the system. The abuse -- and maybe that is too strong a term -- really could be defined in a couple of different ways, not the least of which is that historically group insurance plans, plans like the State Health Benefit Plan, have contained a perverse incentive for psychiatric care to be delivered in an inpatient setting, where it is, again, the most expensive setting, but it is also associated with the highest level of reimbursement. Historically, outpatient psychiatric care and treatment for substance abuse have been limited to \$30, \$40, \$50 a day, at best, and for a relatively limited number of days compared to what a hospital benefit would provide.

So, there is an incentive to seriously look at the current State Health Benefit Plan design, because it does contain a skewing of benefits to delivery in an inpatient environment. But there is also a growing body of evidence, growing over the last five years, relative to substance abuse, where historically treatment has been 28 to 30 days inpatient. You detox for the first three to five days, but you stay in an inpatient facility and you attend group sessions, or you have individual rehabilitation sessions with a counselor.

The industry and generally the private sector have voted, by virtue of changing their plan design, to move more toward reimbursing for intensive outpatient therapy for substance abuse. The current treatment regimen is most typically three to five days inpatient treatment, and an intensive four- to eight-week period on an outpatient basis, which could begin as frequently as four visits a week, and wind down to two visits a week, two to three hours per visit. The total cost could be anywhere between \$4000 and \$8000 for a course of care like that, currently not reimbursed nearly to that extent under the typical, traditional plan design because the majority of it is delivered on an outpatient basis.

ASSEMBLYMAN DeCROCE: May I ask you a question about that?

MR. ARDMAN: Certainly.

ASSEMBLYMAN DeCROCE: I note in here in the recommendation that you said the design must include a penalty for noncompliance, in order to create the proper incentive. These people who are involved in substance abuse-- Is there an incentive for them? I mean, sometimes they don't really give a damn. They are just happy to go along their merry way. I mean, if they really want to be treated, and they really want to be cured, I'm sure there is, but I am not--

MR. ARDMAN: Not being a clinician, you're absolutely correct. A person isn't going to enter a treatment program unless they want to or they are forced to by their employer. If they want to, there is a far greater chance of success than if they are forced to. But the successful end result of a treatment plan-- There is a very high correlation between the successful end result of a treatment plan and a person's desire to make a significant change in their life.

The penalty for noncompliance really gets into--

ASSEMBLYMAN DeCROCE: Am I ahead of myself when I ask you that question?

MR. ARDMAN: No. It is supporting the last major part of the recommendation for the psychiatric and substance abuse component of the Plan, and that is, we saw in reviewing the data a lot of repeat admissions; in absolute terms, a very high number of admissions to inpatient facilities, which was creating a substantial expense to the Plan. What this proposal is intended to address is that there be an objective third party, clinically trained, staffed, credentialed, and involved in the ongoing management of all psychiatric and substance abuse care delivered to employees of the State covered under this Plan. If there is a need for care, an employee would, for example, call an 800 number, and identify a desire to begin

treatment. This function would arrange for the treatment, direct them to a facility, work hand in hand with the treating physician or facility to agree upon an appropriate treatment plan and intensity of service and level of care for that particular diagnosis, and, most importantly, would make sure it is the appropriately credentialed individuals who are delivering the care, and would hold the individuals -- the professionals and the institutions, accountable for success, and not let an (indiscernible) continue to churn people in and out, in and out.

ASSEMBLYMAN DeCROCE: I agree with that. May I go back to that other question now? When we talk about noncompliance, supposing a patient is in there and he or she is being treated, and all of a sudden, for some reason or another, they don't return; they don't complete the treatment. How is a penalty applied?

MR. ARDMAN: Compliance is in the context of the individual contacts, the mental health management component at the beginning of the treatment plan; not compliance with the plan as the professional has outlined it, but compliance with the requirement that the oversight function be involved.

ASSEMBLYMAN DeCROCE: I see. Okay.

ASSEMBLYWOMAN BUSH: May I break in with one question relative to the treatment? How is the treatment currently set up for someone who may have substance abuse problems?

MR. ARDMAN: I could speak to the benefits, but not to the treatment itself.

ASSEMBLYWOMAN BUSH: Okay. Were you speaking to the benefits when you said they would call a 1-800 number, or were you speaking to how they would arrange for treatment?

MR. ARDMAN: That would be a method of arranging for treatment.

ASSEMBLYWOMAN BUSH: Okay, but we don't know how they do it--

MR. ARDMAN: Proposed.

ASSEMBLYWOMAN BUSH: But we don't know exactly how it is done now?

MR. ARDMAN: Well, right now there is no requirement that an individual work through an intermediary. The individual contacts the provider directly -- any provider.

ASSEMBLYWOMAN BUSH: Okay, and that is how it is generally done for any health treatment, right; you go through the provider?

MR. ARDMAN: Correct.

ASSEMBLYWOMAN BUSH: You go through the person who is treating you, as opposed to calling--

MR. ARDMAN: You go to the provider directly, and your treatment plan is based on what that particular provider decides at that time, without any oversight.

MR. SCHEIRING: Assemblywoman, if I may -- and, Charles, please correct me if I am wrong on this -- in many instances in terms of rate paid the terminology used is "active" and "passive" utilization. It can be very much transparent to the employee, in the sense. You go to your doctor. The doctor suggests that you need to get into a drug treatment program. Today that is all that would happen, and you would get into a traditional program and start to do that.

What is being suggested, though, is that once that doctor makes that proposed prescription, that there be a review by the doctor with medical experts as to what course of action he is prescribing, not having the employee, in a sense, being held up from getting that kind of treatment, but having a managed kind of examination of what is being proposed to deal with that individual. That is the active aspect.

What Charles also spoke about was the passive aspect: What kind of an incentive can be built into the system, either positive or negative, that will move the individual to take the appropriate course of action; e.g., the drug treatment program in a community-based setting at a higher rate structure in

terms of reimbursement, if that is the way to go, or take a different approach, but you are going to get a little less, with a little more out of your pocket. In a sense, it is, again, somewhat transparent, but there is a cost aspect associated -- a choice still involved, perhaps, and there is a whole range of different designs that can be developed that are assumed within the community today like that.

ASSEMBLYWOMAN BUSH: When you say "community-based," do you mean nonresidential?

MR. SCHEIRING: We mean a nonhospital-based setting. It could be a variety of settings, I guess.

ASSEMBLYWOMAN BUSH: Okay. When you say "nonhospital," then, are you also including drug rehabilitation facilities that may generally have a person come and live in for 21 days? It may not be a hospital, but it is a treatment center. Or, would that be community-based, or would it be considered more hospital-based, or--

MR. ARDMAN: I think the intent of this type of a program, or the ideal design of this type of program, is to incorporate all components and provide the appropriate combination on individual circumstance. But the key is that there is an ongoing, active, clinical oversight, and that the components that are involved in a particular course of treatment are held accountable for their results; that a person is not turned loose into the system and expected to fend for himself.

ASSEMBLYWOMAN BUSH: Okay. Just about two quick questions. These are all really good ideas. I don't know how much bearing they are going to have on what we are going to be doing in this Committee so quickly. But, while we are on the issue, you are somewhat suggesting that there should be a procedure followed for any type of treatment needed for any type of illness anyway, right, with management, oversight, not just to go get it--

MR. SCHEIRING: Providing the employee with an informed (indiscernible), in a sense -- both the employee and, frankly, the provider.

ASSEMBLYWOMAN BUSH: That is also almost on the whole issue of health care whether it be through the State or not, right? It could be managed health care, it could be a little better way--

MR. ARDMAN: The State could certainly sponsor such a program.

ASSEMBLYWOMAN BUSH: Okay. Thank you.

ASSEMBLYMAN DAVID C. RUSSO (Chairman): Just one question: The recommendations -- and we are going to finish these right now on utilization -- if they were implemented-- My question to you is: How would they need to be implemented, any or all of them? For example, would it be statutory in the State Health Benefits Plan, or would it be by regulation or rule?

MR. SCHEIRING: Many of them would have to be statutory based -- the changes.

ASSEMBLYMAN RUSSO: Okay.

MR. SCHEIRING: Again, I think one of the principal recommendations we proposed be for consideration is that we move from having the traditional plan be the default plan; to move towards, perhaps, the use of the PPO or the HMO, and a managed care kind of setting be the default. That would principally be, I would assume-- Again, we do have representatives from Pensions and the police. Correct me if I am wrong. That would require a statutory change.

ASSEMBLYMAN RUSSO: A lot of the recommendations were obviously statutory, or sometimes they might be just broadening the negotiable issues. But these would primarily be statutory.

MR. SCHEIRING: Perhaps the safest way to answer that, Chairman Russo, would be to suggest that if it is not

legislatively based, it certainly would have to be the subject of some discussions with the labor groups, obviously.

ASSEMBLYMAN RUSSO: Okay. Could you proceed to the next one on that question, okay?

MR. ARDMAN: Mandatory second surgical opinion: This type of program is designed to require an individual for whom a surgical procedure has been recommended by his or her physician to contact, again, an objective, uninvolved third party, a clinical review function not necessarily to validate the need for the procedure, but to validate whether the procedure is being performed in the appropriate setting.

Getting back to this Hospitalization Precertification and Concurrent Review Program, they tend to work hand in hand. It is a procedure that is clearly demonstrated, in the clinical data, to be successfully performed in an outpatient setting, and efficiently and effectively, as well. Does it really need to be done with a couple of nights' stay in a hospital?

The second, and also equally important, component of this is, there is a list of surgical procedures that has been developed over time -- over the last 10 years, certainly -- that is questionable in terms of its appropriateness in every situation in which the procedures are recommended. Take, for example, disk and spinal procedures. One of the things that has been demonstrated with disk and spinal procedures, is that there are different rates of utilization that are very well demonstrated to vary by geographical area of the country. The same is true with hysterectomies. All physicians have the same training; all physicians pretty much pass the same boards. But, over-time, there are procedures that tend to be performed more in certain areas of the country, and there are a number of dynamics impacting that, with no good clinical reason, at least that has been demonstrated in the data as to why these differences exist.

It is for that purpose, as well as for ensuring that the procedures are being performed in the appropriate place, that this recommendation was made. Again, it is suggested that this be done on a mandatory basis, so therefore there would be some financial penalty for an individual not participating in this presurgical review.

MR. SCHEIRING: If I may just interject -- and again, please, Nick and Sally (speaking to associates sitting in the audience), correct me if I am wrong-- Today it is, on an optional basis, available to our employees. Again, I think what is being suggested here is that it is an important benefit for the employee to get an informed opinion from a variety of sources on the type of treatment he is going to be engaged in, or which is being recommended to him. I think in this instance here, from the Task Force review, we were concerned that relative to the small set and a very targeted list of those kinds of potentially somewhat questionable applications which tend to be awfully expensive, let's ensure that we make sure that that employee has had the best advice being provided him, not putting himself, perhaps, through something that is not necessary or, perhaps, in a setting that is not the most appropriate, either from a treatment point of view or from a cost point of view.

MR. ARDMAN: And from a quality of care point of view.

ASSEMBLYMAN RUSSO: Rich?

ASSEMBLYMAN BAGGER: All of these utilization management recommendations that I have had the opportunity to look at here are very commonly a part of private group health plans, with an introduction towards a managed care system, which is the way to go in the path of the future.

On the second surgical opinion, am I correct that with private group health plans in New Jersey now that that is a statutory requirement, at least with respect to elective procedures? I think it is; that there is a requirement that

private group plans, like the Prudential group plan, would mandate coverage for a second surgical opinion. Maybe that is elective with the policyholder, but certainly since it is something that at least the State encourages, if not requires, with respect to private plans, it is something we should look at putting into the State Health Benefits Plan, as well.

ASSEMBLYWOMAN BUSH: Do we require it? Does the State require it?

ASSEMBLYMAN BAGGER: In the State Health Benefits Plan?

ASSEMBLYWOMAN BUSH: I think you asked a question as to if it is required.

ASSEMBLYMAN BAGGER: There is a statute for private group health plans, and it may leave it up to the group policyholder, but it requires companies to offer the option to the group policyholder to provide coverage for second surgical opinions. That just sort of came to me as I have been asking the question.

MR. SCHEIRING: There are more states than New Jersey that have a requirement that if the client requests, the insurer make it available.

ASSEMBLYMAN BAGGER: I think that is the State's enunciation of our public policy, that a second surgical opinion is good and a helpful utilization management technique. It is interesting to note that we have not made that a required element in the State Health Benefits Plan.

MR. SCHEIRING: Again, Assemblyman Bagger, it is encouraged. It is an option available to the employee. The fact of the matter is, we don't mandate it at this point in time. We are not suggesting that it be mandated in all instances, but it should, in fact, be targeted where appropriate, both in terms of the employees' welfare, but also in terms of the State's pocketbook's welfare.

ASSEMBLYMAN RUSSO: Next, you are going to institute a formal process that identifies potential catastrophic cases as

close to the time of initial admission as possible and communicates this information to the Catastrophic Case Management Team to allow the unit to initiate activity without the specific request currently required from the employee. Okay. The reason for that, very briefly?

MR. ARDMAN: While the frequency of these catastrophic cases is, by definition, very low, they are very highly leveraged in terms of the costs to the Plan. They also typically involve very long terms of care, intensive treatment, and it is quite an emotional upheaval for the family involved.

What this is proposing to do -- and currently there is a voluntary program in place for the State Health Benefits Plan -- is to establish some type of coordinated process. This is best done with a Hospitalization Precertification and Concurrent Review Program, where the long term, expensive, intensive types of care diagnoses are identified upfront, and allow a special team of nurses to get involved at the front end of care and coordinate the resources that are going to be necessary over the next three, six, nine, twelve months. For example, severe burns, severe head and neck trauma, neonatal intensive care, and AIDS are four diagnoses that lend themselves very well to this type of program. Planned management can produce, again, very excellent outcomes in a very effective and efficient manner.

ASSEMBLYMAN ROMANO: Without dwelling on the specificity, what would happen in the case of a bone marrow transplant?

MR. ARDMAN: What typically happens is, there is a long course of treatment involved before the transplant is recommended. There are certain types of cancers that lend themselves to this, but the typical process is geared to pick it up based on the hospitalization, although it certainly could be done with ambulatory care -- when chemo was still ambulatory -- as long as the provider network has a communications vehicle

to alert somebody, or to be-- There is a process overlaid on the provider network to pick up this information and act on it. But the bone marrow transplant itself is a fairly short procedure that doesn't--

ASSEMBLYMAN ROMANO: But the costs are--

MR. ARDMAN: Oh, the costs are--

ASSEMBLYMAN ROMANO: --exorbitant. I did sit in on the hearings at St. Boniface Hospital relevant to this, with reference to Assemblyman Neil Cohen's bill forcing the payment of same. I understand that there have been people waiting for, let's say, their insurance company to make a determination whether they would pay for a bone marrow transplant. Are we talking about here, now, that upfront, if that was considered the best means of treatment -- it is not experimental; it has been proven to be correct, as a prosthesis, if you will -- that it would be done? Or does one start that long trek waiting for a decision, will it be done or won't it be done?

MR. ARDMAN: This recommendation really is more in the context of providing clinical support services and planning based on the particular physician's course of treatment, and getting-- I'm sorry. It is providing the resources that typically are not available to a family when they are facing a long term, serious illness or injury for another family member. It really does not involve precertifying a treatment that may be needed three or six months from now, depending on how other less aggressive therapies work for that patient.

MR. SCHEIRING: Assemblyman, if I may, again -- and, Charles, please correct me-- I think we want to view this more from the point of view of an individual, again whether it is a burn, or an accident -- he has had a catastrophe happen to him-- The decision is going to be made quickly what kind of counsel and what kind of support we can aid the employee with in making those critical decisions and preparing for the kinds of steps that are going to take place. There may be a

prolonged aspect related to it, but there is an immediacy of what has to happen, providing the kind of support services that are, perhaps, available today.

MR. ARDMAN: Let's identify a long term care facility where we know the burn patient can be moved to in the next three to four weeks, once he is stabilized. It is really that type of support, arranging for the transportation.

MR. SCHEIRING: As simple as that.

ASSEMBLYMAN RUSSO: The final recommendation you have here talks about really setting forth a list of diagnostic tests. I would assume, from what you say here, that certain procedures have been abused, or at least you thought they were.

MR. ARDMAN: They had a potential for abuse, yes. There is a reference made earlier in this report to a list developed by HCFA -- the Health Care Financing Authority -- pretty much based on a review of their Medicare data.

They found that a lot of diagnostic tests and procedures at first blush seemed to be ordered inappropriately; that is, inconsistent with the diagnosis of a particular patient. For example, a physician orders four X-ray views of an ankle, and a urinalysis. This is not saying there is an abuse problem in New Jersey. This is saying, "We identified quite a number of these procedures being performed." The recommendation is that there will be a program implemented to begin to monitor whether or not these procedures are being ordered in conjunction with diagnoses, or it makes sense to see this type of procedure requested, maybe as opposed to just filling out a list to a lab.

ASSEMBLYMAN RUSSO: Okay. What I want to look at next-- This is page 15 of the report, the October 19, 1990 report, if you could just follow along that way-- Without going through it point by point, on page 15 -- and I saw on the two pages before that that you have other, they're not exactly recommendations, but I would say findings on health issues--

If you want to move into anything there, tell me, but what I really want to do is look at page 15 on your recommendations. You talk about the category, the current -- and then you talk about the two alternatives. It looks like preferred and alternate.

My only question is on the preferred and the alternate. How did one become one and one become the other? Is preferred really probably your Commission's best case scenario, and then the alternate was maybe what might be doable?

MR. ARDMAN: Getting there, but not as far as preferred.

ASSEMBLYMAN RUSSO: So preferred is best case scenario, and alternate would be, maybe you thought it might be more doable, one way or another? It might be too hard to go from point A to point C, so this is point B?

MR. SCHEIRING: I would suggest it is probably more the range of an option, not in terms of what is doable.

ASSEMBLYMAN RUSSO: Right.

MR. SCHEIRING: For example, in the first area we talked about the 10 percent and 30 percent. We talked about that at some length the other day.

ASSEMBLYMAN RUSSO: Right.

MR. SCHEIRING: And again, we suggest that that is really a given, the fact that these rates were set some years ago and this is the movement to head forward on. Secondly, relative to the vehicle approach, whether you do it before on a pretaxed basis or on a post-tax basis, I mean, obviously on a pretaxed basis there are significant advantages if it is structured in that way, for both the employee and the State, but it is not absolutely necessary. The State is not on a pretaxed basis now. There is an option there. Again, in the hospital area, either way we are suggesting there needs to be a degree of penalty level, whether it is 50 percent, 60 percent, 70 percent, 20 percent. It is a target area. It is just an

indication that there needs to be some form of penalty at that aspect.

Again, in the major medical area, it is sort of somewhat to the same nature of Assemblyman Geist's remarks of, how do you, perhaps, stagger that in such a way. It is just providing two examples of what could be, and what, perhaps, is more prevalent in the marketplace today, in a sense. Again, I think that pretty much follows the same analogy all the way down the list.

I think, perhaps, the last area you might want to talk about is the other area -- and that gets back to the statement we made earlier -- the focus of moving towards a managed care program, perhaps reconsidering what the default option would be moving from the traditional as a default option to the managed care piece. Our concern relative to the--

The State has made a large degree of HMOs available. There are certain administrative costs associated with administering each one of those programs. What sort of standards should be established in terms of the types of treatment, and the saneness and quality of that treatment within those HMOs, and perhaps some examination to ensure that the direction moves folks from having, perhaps, an adverse selection, as we were concerned about, in terms of having younger folks choosing the HMOs, and the traditional plan perhaps finding itself with a population that is perhaps more in need of the HMO program, but also the ones that are at most risk of having health problems, and then find themselves in the situation of having a smaller base and a more expensive cost.

ASSEMBLYMAN RUSSO: In dollars, you had done -- it's on page 27-- When you estimated this in dollar savings, under "preferred" it looks like about \$161 million a year savings; "alternate" was about \$148 million. Those numbers were arrived at by your group?

MR. ARDMAN: Correct.

ASSEMBLYMAN RUSSO: Okay. Are there any questions on health benefits at this point from anybody?

ASSEMBLYMAN DeCROCE: May I ask, on prescription drugs, what are you talking about -- a \$10 substitute, for substitutable drugs? What does that mean?

MR. ARDMAN: There are drugs available that are sold both by brand name and generically. The \$10 would be for drugs that you could get in generic, but you are getting the brand instead. In other words, the generic can be substituted for the brand name; you can get the same drug less expensively. Again, it is an incentive not to-- Where generic substitution does not exist, obviously the \$5 would apply. There should be no penalty. That is what this design reflects.

ASSEMBLYMAN DeCROCE: That's the penalty.

ASSEMBLYMAN RUSSO: Assemblyman Romano?

ASSEMBLYMAN ROMANO: Mr. Chairman, I have a basic question. I don't mean it to be ingenuous or naive. What is the mission statement for this Committee? You know, we sit here and we listen to all this. This is a very good analysis of health benefit systems, and it has a multiplicity of all kinds of recommendations I don't think we can even argue. Maybe there is a parochial view we might have in certain things so we can say, "No, I would rather see it this way than that way." But with the whole volume of materials here, what is our mission as directed to you by the Speaker? I see a lot of what is in here-- In fact, as I was thumbing through the dates on these reports, these reports have not just been published this week.

ASSEMBLYMAN RUSSO: No.

ASSEMBLYMAN ROMANO: They've been out a year or two.

ASSEMBLYMAN RUSSO: That's right.

ASSEMBLYMAN ROMANO: They went through negotiations last year. They are in negotiations now. I don't know if any of these recommendations that we might possibly make will

become a matter of legislation, which would be after the fact. Or, is it the intention for this Committee to come up with recommendations for them to incorporate into ongoing negotiations, or to come up with some sort of recommendation for a plan?

I see just one overall epistle here that the Division of Pensions should be charged with the fact of trying to come up with, in review of all of these, a cost containment, if not a health care cost reduction type of plan. But I really don't know what is expected of us. There are so many items here. Are we going to take a vote on, let's say, funding; take a vote on whether we should be on preferred or alternate? Are we going to produce some sort of a recommendation sheet up and down the line? I really don't know how we are going to handle this, what the protocol is going to be.

ASSEMBLYMAN RUSSO: What we are going to do is this: The first thing, you mentioned that some of these reports, for example, are over a year old.

ASSEMBLYMAN ROMANO: Right.

ASSEMBLYMAN RUSSO: To be very blunt about it, the Governor, quite correctly, ordered this audit; gleaned a great deal of good information, most of which does not appear to have been acted upon, certainly by the Legislature that we have been in.

What I would like to see, once we complete testimony today-- Next Tuesday, we are going to sit down -- the Committee -- and go over the material we have had. I don't plan on having votes, Lou, on particular items, for the same reasons that you just enunciated. I think where I will be coming from is looking at each item. We can look at them in particular, but we can look at items that at least we can agree may need some kind of revision.

Some of the things that I have gotten out of this -- I think we all have -- are which ones have to be by rule, and

which ones have to be statutory. Okay? I think we will be in a position to agree in this Committee on what areas, not so much have to be looked at anymore, because we have done it, but which areas can be acted upon statutorily, and whether any member of this Committee, or any member of the Senate or Assembly, wants to put legislation forward with regard to -- hopefully comprehensive legislation, which is why I also ordered the transcripts -- with regard to particular, for example, copays, which is just one small point of this.

I am not going to sit here, and I don't plan on doing it next Tuesday and/or Thursday, talking about, "Well, maybe the copay should be revised in accordance with the alternate or preferred." I don't think that is productive. We may have a difference of opinion, where some of us may say, "Maybe it shouldn't be revised," but I tend to agree with you. I think we are going to pretty much all agree that these areas should be not only revised, but comprehensively revised, instead of piecemeal, which is where I think the Governor's Commission is coming from.

I am one of the first persons. I will give him credit for that Commission. I think this is something, for whatever reason during the last two years, that the Legislature did not deal with, did not have the time to deal with. Right now, we are taking the time. That is why I tried to do it as rapidly as possible, because depending on where this Committee is coming from, legislation may well be put in for this budget process, or certainly for the next, which is going to help the entire government, including this administration, no matter what political party.

I think credit should be given where credit is due. These reports -- and we are going to finish on a couple of these -- were generated by these individuals, and I think-- I have to be blunt with you: I was not aware of all this information. Maybe you were, but I wasn't.

ASSEMBLYMAN ROMANO: The report is magnificent. Again, the report is magnificent. The point is, what do we now do with this report? Are we going to try to dot "i's" and cross the "t's"? In our own sphere of activity, are we now, though-- I ask the question: Are we getting involved in areas that largely belong to the negotiation process between the employees and the employer?

ASSEMBLYMAN RUSSO: Well, some may be.

ASSEMBLYMAN ROMANO: Is this going to be one plan, "Take it or leave it, everyone"? I don't have the answer; that is why I am asking the question.

ASSEMBLYMAN RUSSO: Well, with regard to that I would say, some of these issues, which I have learned about during the last month, are issues which in a perfect world should be totally negotiable, but I think we have learned that they are not. They are part of the legislative system. To follow your point, maybe they should be negotiable, and there are quite a few of them.

What this Committee will come up with is a report, and we will do that next week. We will vote on it, not each particular thing, but we are going to go through it piece by piece ourselves. Then we will vote on it. Where will it get acted on? I hope it will get acted upon more effectively than these reports have been acted upon so far. Whether it is for this budget process or the next, that is where I think we are going.

I have to again be blunt with you. Again, maybe everyone on this Committee-- I was not quite aware of the extent of each of these reports. I would say that especially with regard to-- If you notice, I am really trying to hone in on these folks' recommendations. They actually not only give you what I consider relatively viable recommendations; they give you alternates. They weren't really acted upon. If it means that this Committee, to an extent, will be piggybacking

on these recommendations, I see nothing wrong with that. That is why I am trying to elicit as much testimony from these folks as we can, because I think it is a resource. Unfortunately, sometimes these commissions are set up, like the GMRC-- Maybe they are set up and maybe they don't go anyplace. But these things are out there, and I think it is certainly a lot better that in early 1992, as a bipartisan group, we are dealing with this, than if in 1995 somebody dusts these off and says, "Gee, these were really great five years ago. You know, let's see how current they are."

I think these are a real resource. I think it is tremendous that these people have come here, including Commissioner Cimino, Director McMahan, and all the other folks we have had so far.

I don't plan on doing this, though; that we are going to argue or discuss, point by point-- For example, George Geist -- Assemblyman Geist -- was talking about variations on-- You know, we could do that issue for the next two weeks. I don't think there is a point to that, as long as we agree that maybe there needs to be revision there. If Assemblywoman Bush decides to put legislation in on that point, or whatever, fine. There are a couple of ways to do it. But anything would probably be better than the way it is now. That is what I have learned, mainly from these people.

So that is what I plan on doing, not a point by point vote. We will point by point digest it, recommend, and then vote. I plan on doing that at Tuesday's workshop, starting at 2:00, not at 10:00. You asked me that. That will be a little later workshop. We will have the afternoon. Hopefully, after the session on Thursday, we will be in a position to vote, up or down, on the report, and then we will move from there.

ASSEMBLYMAN ROMANO: How many pages do you expect this report to be, Mr. Chairman? You know, it is just like when you are writing a term paper in school.

ASSEMBLYMAN RUSSO: Yes.

ASSEMBLYMAN ROMANO: You asked the professor, "How many pages?"

ASSEMBLYMAN RUSSO: Do you mean for a "C" now -- a "C" or an "A," Lou? (laughter)

ASSEMBLYMAN ROMANO: Have you started with a ghostwriter? If we have to sit down from scratch to come up with this paper, you know, we'll all bring our eye shades and--

ASSEMBLYMAN RUSSO: We are going to try to make it as concise as possible, remembering that we are using some excellent work from these people right here, which we have gleaned from them. So some of this is going to be using, I think, some of their recommendations, to be very blunt with you on it. I don't plan on reinventing the wheel, when we have people who seem to have done a pretty good job on a lot of these issues.

ASSEMBLYMAN ROMANO: As I said before, it is magnificent, and I don't mean the term in the way it would seem. It's textbook; it is right out of the textbook of what good management, or health care plans are all about, and it's here. They have laid it all out for you. Now the thing is, once we have the information, are we going to change everything to match the textbook?

ASSEMBLYMAN RUSSO: You know, Lou, a couple of years ago, there were some buttons people were wearing which said, on the one side, "Where is the alternative?" and the other side was, "Where is the audit?" The answer is, "Here is the audit."

ASSEMBLYMAN ROMANO: Here's the audit.

ASSEMBLYMAN RUSSO: Okay? Here's the button; here's the audit. Now the next button might be, "What are you going to do with the audit?" I think, you know, we should give credit where credit is due. Let's see what can be done with it. At least that is where I am coming from.

ASSEMBLYMAN ROMANO: But I wish we really knew the line of, what are negotiations, and what is legislation.

ASSEMBLYMAN RUSSO: Well, as some--

ASSEMBLYMAN ROMANO: That is the gray area. Remember, what was it that Chief Justice Holmes said, "A line there must be"? I wish I knew where the line was here of what is legislation and what is negotiation.

ASSEMBLYMAN RUSSO: Well, sometimes, to go even further, and I have been looking at some of the statutes on this, Lou, it gets interesting where, in my opinion, there is a combination of both. You take any particular issue, without picking on anybody-- Let's take for example -- we are going to go into this right now-- We'll do some work on the pension today. You have two reports on sick leave. An interesting concept, where it is statutory. It is statutory, without even reading the report. You could put statutory minimums or maximums in there, where you might say to me, in your private profession, "Gee, that should be on the table. I don't need you to tell me statutorily."

Well, Lou, it's there. Maybe it should be; maybe it shouldn't be. Maybe it should be revised to keep it statutory, but broaden it. So, there is a gray line. A lot of these are gray areas. I am not dodging the question. That is just fact.

ASSEMBLYMAN ROMANO: It is just to help my colleague and I to talk about this, you know. What are we going to do here? What are we really attempting to do? I can't fully-- We can't answer each other.

ASSEMBLYMAN RUSSO: Well, when you asked me that at the end of the last meeting, we were here for over 15 or 20 minutes with regard to the timetable on that. That's why. When you asked that, that was a good point. That is why we are trying to do this with a specific timetable.

ASSEMBLYMAN ROMANO: Thank you, Mr. Chairman. I am sorry for taking up the time and protocol of the Committee.

ASSEMBLYMAN RUSSO: No, no, no, an excellent question.

ASSEMBLYMAN DeCROCE: Very good. I got a clarification.

ASSEMBLYMAN RUSSO: Alex always asks that, and I never answer him.

ASSEMBLYWOMAN BUSH: It's like driving in a car but you don't know where you're going until you get there.

ASSEMBLYMAN RUSSO: Oh, we'll get there, I hope.

ASSEMBLYWOMAN DERMAN: Mr. Chairman, I would like to ask--

ASSEMBLYMAN RUSSO: Sure.

ASSEMBLYWOMAN DERMAN: --these people if they have been plagued by a sense of frustration? Here they came up with this wonderful report and none of their recommendations were accepted or implemented.

MR. SCHEIRING: No, not at all, Assemblywoman Derman. That is because of the fact that -- as the Chairman said -- these reports were paid much attention by the Governor, by the administration, and frankly, by the Legislature. I think as I recall, they were subject to some discussion. Again, for very valid reasons on the unions' part, they chose that they would not want to have those contracts reopened. That is understandable.

We are not frustrated at all. These are difficult subjects to deal with.

ASSEMBLYMAN RUSSO: Any other questions? (no response)

What I want to talk about next is, you have in the report the recommendation on the pension system. The pension system-- Obviously, we have taken a lot of testimony on that. But you had recommendations on page--

ASSEMBLYMAN ROMANO: Excuse me, Mr. Chairman. What color is the book you have?

ASSEMBLYMAN RUSSO: The next book will be pink. You know they did a lot of work, Lou.

ASSEMBLYMAN ROMANO: Oh, I know that.

ASSEMBLYMAN RUSSO: They have blue, green-- They ran out of colors on the books.

ASSEMBLYMAN DeCROCE: It's in this book, page 25.

ASSEMBLYMAN RUSSO: In particular, I wanted to ask you about this 2 percent pension offset and the coordination with Social Security benefits. I would like you to particularly expand upon that.

MR. SCHEIRING: We did run out of colors, so I am not sure-- (laughter) Are you talking about the total--

ASSEMBLYMAN RUSSO: This is page 25 in the--

ASSEMBLYWOMAN BUSH: Page 19.

ASSEMBLYMAN RUSSO: In particular, page 19 on coordination of benefits with Social Security, which I thought was very interesting, a very possible cost saving point.

MR. SCHEIRING: Before I respond on that, there is one thing, a caveat to the whole piece of the pension area. You will note that there are no recommendations at all in this section of the report. That is because of the fact that what we tried to do with the time we had available, and the talent we had available -- and we had some very capable talent, again, from both the private sector and from our friends within the Division of Pensions-- Health benefits is a complex subject. Pensions is, I guess, on a continuum, even more. The actuaries are very important to any review in that area, so what we tried to do in this situation was basically describe what is the State's pension program, and how does that relate to the market, and just provide that as an information piece, without providing any kind of suggestions or reactions as to whether that is good, bad, indifferent, etc.

In that vein, the coordination benefits with Social Security is, in fact, an indication that in the public and private sectors often what an organization does is establish a target, in terms of the benefit they would expect to provide

their employee upon retirement. Part of that is provided through the pension system, and part of it recognizes that they will be receiving dollars through Social Security. What it basically does is take that into consideration in designing their pension program to meet that target, whether it is 80 percent of the person's salary, or 60 percent of the person's salary.

The other factor associated with that is in the contribution rates that are being performed. Many organizations in both the public and private sectors will take into consideration the payments that are being made both by the employee and employer toward Social Security in relationship to what they are, in fact, contributing or not contributing. As we know, many, many plans are noncontributory. The State has a contributory pension program. In fact, many major employers do not have contributory. So again, I think that is an important point to note. This is a cost sharing program. The employees provide a significant amount of dollars towards their pension.

As part of the State's program, until a person reaches his FICA cap, the State provides a larger degree of share toward the person's pension benefit, basically a 2 percent difference. In many instances, that does not occur in the private and public sectors. We are just commenting that that is a fact. That's all.

ASSEMBLYMAN RUSSO: That's not common?

MR. SCHEIRING: It is not common.

ASSEMBLYMAN RUSSO: Yes, Rich?

ASSEMBLYMAN BAGGER: The 2 percent is a historical anomaly of some sort that relates back to 20 or 30 -- sometime in the '60s when, I guess, State employees first became eligible for Social Security. The historical reason for this escapes me right now, but the 2 percent offset I do know is not a matter of policy so much, as at the time this historical

change took place in the '60s, the employee contribution was unchanged.

MR. SCHEIRING: Assemblyman Bagger, you may be perfectly correct. My history doesn't go, perhaps, that far back. Maybe Nick or Sally could comment on that.

ASSEMBLYMAN RUSSO: Director McMahon, maybe you could-- Why don't you come up to the mike, so it gets recorded?  
M A R G A R E T M. M c M A H O N: As far as the history on the integration, I believe it was around 1955 that the public pensions legislation was passed so that the public pension would be integrated with Social Security. In recognition of that, there was a 2 percent reduction in the employee contribution until they hit the Social Security wage base. Then that was repealed; the integration legislation was repealed, but the offset stayed.

ASSEMBLYMAN BAGGER: Integration meant that your State pension basically carved out what you would receive in Social Security.

MS. McMAHON: Right.

ASSEMBLYMAN BAGGER: And how there is no carve out. A retiree receives both.

MS. McMAHON: That's right.

ASSEMBLYMAN BAGGER: At the time the carve out stopped, the 2 percent reduction that was related to the carve out did not stop.

MS. McMAHON: That's right. But again, as Mr. Scheiring pointed out, most private employers are not contributory, in that employees do not contribute at all to their pension plan.

ASSEMBLYMAN RUSSO: Thanks, Ms. McMahon.

Before you proceed, Mr. Scheiring, you made a comment before that in this area you didn't make specific recommendations. I know in one report you didn't, but on page 25 -- and I know you didn't give alternates-- This is in the

"Operational Review of Fringe Benefits," October 19, 1990. I was looking at that before when I was flipping the pages, so I apologize to you.

I was asking you a question in particular to page 19, but on page 25-- Again, this Committee is not going to deal with everything here. You had a list of current -- which I thought was helpful -- and proposed. Were those recommendations, I assume, or-- If they're not, just tell me.

MR. SCHEIRING: It says, "Recommendation Summary." We did not value those. It is a reflection, more appropriately, of what is, in fact, the marketplace at this point in time, in terms of what you see currently relative to normal retirement age. I think as you review and reread this report, throughout, over and over again, we are continually referencing what is traditionally, what is commonly happening. I think the "proposed" represents what is commonly happening in many instances.

ASSEMBLYMAN RUSSO: So what you meant, in essence, by proposed here was basic private sector -- is that correct? -- what would be out in the marketplace, as opposed to what is current in the--

MR. SCHEIRING: Private and public.

ASSEMBLYMAN RUSSO: Private and public, okay. So this is really private and public currently. The "current" meant what we currently have in New Jersey in the system. I just wanted to clarify that. That's helpful, because I can understand the difference when you say it. Okay, current in the New Jersey plan. Okay. That wasn't so much a proposed, as it was comparing what New Jersey has and what basically other states and the private sector, if you were out there, would set forth. Okay, meaning 60 years of age, for example, in normal retirement, to 65. I guess that is a common, even public sector age, 65. Is that common in the public sector, as opposed to private?

MR. SCHEIRING: It is more common, let's say, in the private sector than it would be in the public sector, but it is also prevalent in the public sector, too.

ASSEMBLYMAN RUSSO: Okay. Did you, on some of these proposals, dollar them out?

MR. SCHEIRING: No.

ASSEMBLYMAN RUSSO: No, you didn't.

MR. SCHEIRING: Again, does this require some very precise actuarial kinds of examinations? It is expensive to do. We were, of course, very fortunate to have some quality people, again, from Prudential, who have that kind of background, but, again, the kind of detailed analysis, the kind of expertise required is, again, something that would take much more time than we had available to us, and much expense to undertake.

I would like to just again, in both that vein and in terms of our recommendations-- Again, from the Commission's perspective, we felt our charge was to examine programs from the opportunities. Where could we make improvements, improvements that may, in fact, have recommendations where investments were required; improvements that may, in fact, be where, yes, savings may be gained? So in a sense, it was a range of options being presented. In many instances we are not saying this is-- Again, turning to the subject we just left -- fringe benefits -- we are not suggesting, even in the area there, that this is the absolute direction that the State needs to go. Again, we don't feel we have a license, in any sense of the word, for what is the best solution to the issues. What we were trying to do was attempt to provide an understanding of what exists and what that opportunity is, at least to give some indication and allow those who have to administer and be part of this process, to then focus on that and choose what is determined to be the best course of action, which requires,

obviously, all sides -- Governor, Legislature, etc. -- to be part of that process.

ASSEMBLYMAN RUSSO: On the final salary definition, I know New Jersey uses a three-year basis. I don't think it is consecutive years. Not the proposal, but you talk there about a five-year basis. Again, is it consecutive or nonconsecutive?

MR. SCHEIRING: Usually and generally, it is the three highest years' salary, or the five highest years'. That is really what it means.

ASSEMBLYMAN RUSSO: It is one or the other usually?

MR. SCHEIRING: It is one or the other. Again, in terms of length, it is three or five, but it is usually the highest salary years.

ASSEMBLYMAN RUSSO: Okay. This 4 percent on the loans -- this 4 percent rate -- which has been an issue lately-- The private sector, and even the public sector are what, just generally market rate, or is it, you know-- I see you have market rate. I am just wondering about the difference. Is there a difference there between the public sector and the private sector?

MR. SCHEIRING: Well, again, frankly, the State's program is the State's program. In terms of the private sector, I think it is even covered under Federal law, under ERISA, as to what the requirements and what the mandates are in terms of allowing employees to borrow against that annual market rate.

I would like to add, though, of course, there are a number of things we did not talk about that are also, perhaps, common in the private and public sectors. Obviously, the State does not have a 401 K profit sharing program. That may be related toward this. So, again, we were not trying to talk about the nature of this program versus that, but to just say, "Here is what it is; here is what it ain't," that kind of an aspect.

ASSEMBLYMAN RUSSO: Any questions here on pension plans? Yes, Harriet?

ASSEMBLYWOMAN DERMAN: The pension plan, and I suppose any other relevant area-- In those areas of the public sector that have implemented changes -- some of them consistent with what you have down here -- has there been an attempt to phase them in, and, if so, what? Or to bifurcate them and have new employees receive -- like, their retirement benefit would be based on age 65, the normal retirement age?

MR. SCHEIRING: I am going to give you just my opinion again, and it is just my opinion because I am not an expert in this area. Of course, my responsibility has been to try to manage all these kinds of reviews.

My opinion is that probably the latter is the more prevalent in the sense of bifurcating, grandfathering in, and perhaps moving forward with the newer employees as they come into the system, versus a phased-in approach. But I imagine, again, that there is a range of ways that changes can be made. It gets down to fairness and equity and what can be agreed upon between the parties. I think that is probably a more appropriate question to ask our friends from the Division of Pensions, who have expertise in this area.

ASSEMBLYMAN BAGGER: Following up on the Chairman's comments about the loan rate: It is probably a requirement for private plans that it be market rate loans, and the State is not subject to that because the State is not subject to ERISA. In a private plan, the managers of the plan have a fiduciary responsibility to the plan as a whole, not to individual participants in the plan. If one person can borrow assets from the plan at 4 percent interest, while the plan may be earning 8 percent, the participants are not all being treated equally. As a fiduciary you should know that the State is not subject to it, but it is something we have to think about.

MR. SCHEIRING: I think that is very much correct. Again, we also have to understand and appreciate and remind ourselves that this is a contributory program. In a sense, the employees are borrowing their own funds back, versus, for instance, what happens very often in a private sector plan. They would, in fact, be borrowing against their future, and they did not contribute to that, only except from the point of view of the value of the work they performed for the company, but not in terms of their dollars. I think that is a major difference that has to be understood and considered. This is an employee participant program.

ASSEMBLYMAN BAGGER: That's a good point. With an asset mix, I notice in the curve it says, "Limited to 40 percent equity." Is that a statutory limitation, or--

MR. SCHEIRING: It is not statutory based, except for the fact that the Investment Council itself has some indications of ability to change that, depending upon some statute-based aspects. My understanding is that that has moved since that point in time to now 60 percent, which is, I would suggest, probably more common, and perhaps even more aggressive than what you see now, in terms of traditional types of pension investment profiles, at this point.

ASSEMBLYMAN BAGGER: You answered my question, because the Director had told us, at a previous meeting, that the investments are about 50/50 as far as equities right now, so that would fall within the guidelines you just mentioned.

MR. SCHEIRING: Yes.

ASSEMBLYMAN BAGGER: Thank you.

ASSEMBLYMAN RUSSO: Anybody else? (no response)

We'll move on to sick leave, and your recommendations on sick leave.

MR. SCHEIRING: Mr. Chairman, may I ask--

ASSEMBLYMAN RUSSO: Sure.

MR. SCHEIRING: If we are leaving the fringe benefit areas, Mr. Ardman has been very kind to join us, and if we could excuse him -- unless you have some other reason to have him here?

ASSEMBLYMAN RUSSO: No. Thank you very much. Charlie, thank you.

On sick leave, in looking at your report, you mentioned managing it better, in general; for example, a uniform attendance reporting system to monitor the patterns. With regard to that, do you have any ideas or any suggestions, incentives, etc. -- we have heard some ideas on this -- to achieve better attendance, in essence, so that maybe sick leave could be bought -- sick leave days not used, that kind of thing?

MR. SCHEIRING: Well, again, as we talked about earlier today in this whole area, we tried to undertake this examination from a holistic point of view in selected areas. Obviously, this is an important benefit that the State provides to its employees.

We were concerned, as we went through this examination, that frankly there were just some common elements that you would expect to see; for example, a uniform time and attendance reporting system. The State does not have that; does not have that to this day. We obviously do have time and attendance reporting systems. They are departmentally based, or they may be locationally based. But without having good information in terms of what is actually happening, and happening from the point of view of types of illnesses occurring, how can you take proactive steps to ensure that that benefit is not only being used wisely, but that the State, as part of its whole total human resource component program, is having an understanding of, perhaps, what some of those issues are, and can employ some of the services that Commissioner Cimino was talking about the other day, whether it is the Employee Advisory Council, etc.

What we talked about, I think, more than anything else in this area was, frankly, just basic common sense on issues that are pretty, I guess what I would call "standard" or would be expected in any organization or any business, and that is having management pay attention to the issue, having good information as to what is occurring, and having a proactive program that works, when appropriate. If there are situations developing relative to employees' either appropriate or inappropriate usage, that can help that employee, one, in dealing with perhaps some medical problems or other issues that are developing, or secondly, if it is an issue related toward, perhaps, nonappropriate use, that actions can be taken to eliminate it.

I think what, again, struck the Commission was the fact that we don't have those kinds of elements involved, and we don't have, perhaps, even the recognition, on the other hand, of the very many good employees who do, in fact, use their sick leave very, very wisely. We do not provide recognition toward that. Nor, on the other hand, do we have, perhaps, programs both directed towards the employee himself, but also, more importantly perhaps in some respects, to management, to ensure that proper usage has, in fact, taken place.

ASSEMBLYMAN RUSSO: To answer a point that Mr. Romano brought up -- and, Lou, you asked your question -- but on page 3, to give you an example-- The report is quite clear. The authority for sick leave--

ASSEMBLYMAN ROMANO: These are all authorities by legislation.

ASSEMBLYMAN RUSSO: Yes, pure legislation under Section 11. Lou, now your question?

ASSEMBLYMAN ROMANO: With State employees, are they covered by disability insurance? Disability -- that's a negotiable item actually. I don't know if the State has

disability insurance, because many of the teacher units don't have it. They would have to pay into it, and why pay into it?

UNIDENTIFIED SPEAKER FROM AUDIENCE: They do have it.

ASSEMBLYMAN ROMANO: They do have it. Is that the reason, do you believe, why they don't have some sort of bonus catastrophic sickness plan? Let's say somebody uses up their sick days. The moment they use up their sick days, do they kick in then to the disability insurance?

MR. SCHEIRING: Again, maybe the best way, perhaps, to try to answer that question, Assemblyman Romano, is to talk about it, again, perhaps from a holistic point of view.

ASSEMBLYMAN ROMANO: Yes?

MR. SCHEIRING: The State really has a series of programs that are interwoven to ensure that the employee is protected in these areas: We have their regular sick days, the 15 days a year. If the employee is injured, we have our Sick Leave Injury Program, which provides a separate set of programs that ensure the continuation of his compensation, but also provides for the medical payments. We have the ability that if the person is, in fact, disabled, there is, by legislation, a disability program that is provided for the individual. I think that even as we talked here in the pension area, if it is a disability that is irreversible, there are options under that area for the employee to be able to retire earlier -- earlier than normal -- at a full benefits aspect.

So, again, there is a layering of areas. I think the issue, though, is the fact that many of these are sort of related to the question Assemblyman Bagger asked a few minutes ago of me, "When were these developed?" They developed over a long period of time. I think the focus in our review was to try to, again, from a holistic point of view-- "Let's take a look at it, and does that still make sense today relative to some of the new products that are available, both from a protection and usage point of view, but also from a structure

point of view?" In this instance here, again, I think in those three areas we are basically making suggestions that are related towards having a better management of the programs; a better understanding of what is happening in the programs.

If I may, just for a moment, leave the sick leave area, and talk for a moment about the sick leave injury. Again, that is another important program, but we were struck by the fact that though this program was costing us \$30 million a year -- which is a significant amount of dollars, but a relatively small amount relative to the total portfolio -- this, too, also seemed to be a program that had somewhat been relegated to -- not a proactive risk management program. We don't have any data relative to the types of injuries that are occurring on the job. We don't have a proactive program, as we discussed earlier, in terms of working with that employee to get him back to a wholeness so he can come back on the job. We don't have a policy relative to light duty assignments. Yes, we have some individuals who have to perform some very -- for lack of a better word, "strenuous" and perhaps even more nasty tasks. I mean, being a corrections officer, being a person working in a mental hospital, are areas that are going to be prone to potential injuries on the job, but there may be other avenues to follow in a more proactive manner to try to minimize the kinds of occurrences that are happening there, and when they do happen, to bring that employee, in a very quick manner -- or as quickly and expeditiously as possible -- back to a productive type setting.

I think that is, again, what the general focus of our reviews were, and the essence of our recommendations in that area. That Sick Leave Injury Program was, in its time, a very progressive program that New Jersey should be very proud of. That program was established in 1939. I had to go back and look. It was under Governor A. Harry Moore. I mean, that is a long time ago. Given the changes that have been made over the

decades and, in a sense, the country catching up to where New Jersey was back then, let's take another look: Is this the best program we have today, or are there some other things we might want to do in that area? That is all we are suggesting at this point in time.

ASSEMBLYMAN RUSSO: Does the private sector occasionally have programs for unused sick days or a purchase back, meaning that if you don't use them, you are given dollar amounts, meaning an incentive not to take sick days?

MR. SCHEIRING: Again, there are all kinds of ranges and variations. What we can tell you, and what was indicated in the reports, is, in the private sector, usually the number of days that are granted is smaller. On the other hand, they may not provide for a pooling effect as large as we do. In other instances, they may, in fact, do just what you are suggesting, Chairman Russo, provide for incentives, that if you don't use up those days you may get them back on a cash kind of basis. Again, some of the newer products we are talking about, as we described, and as we talked about in the last day or so relative to the Flexible Benefits Program, may contain that as part of an option in terms of both -- either your sick or your vacation days, in terms of what some of those benefits would be.

ASSEMBLYMAN ROMANO: Mr. Chairman, on that note, in educational entities, in the State monitoring, etc., etc., teacher attendance is an important component. Many educational entities have come up with bonus plans. If a teacher does not use any of the sick days, he or she would get a cash payment at the end of the year -- a bonus. If they use "X" number of days, it would be a different amount of money. So there are various types of bonus plans to prompt good attendance by teachers, or else they will be counted down for it in the State monitoring.

ASSEMBLYMAN RUSSO: You talked about the relationship of sick leave and overtime in that report. Could you talk about that for a second?

MR. SCHEIRING: Again, I think as we described in that report, the State spends, I think, approximately \$122 million for overtime on an annual basis. The major departments that incur that overtime, of course, are not surprising to you. They are the programs that have 24-hour coverage, in the Corrections and Human Services Departments primarily, and sometimes in the Transportation Department.

When you have those kinds of coverage requirements, if a person calls in sick, you still have to have a guard there; you have to have a person on the floor. When that happens, you don't really have too much of an option, perhaps. In fact, it may be a very short term option. When that person calls in sick that day, overtime initially gets invoked. In both of these areas we just chatted about, what we were concerned about was whether or not there may be some other opportunities, or are there some things that can be, perhaps, better managed to minimize that

Again, I think as we talked about, there is not a direct correlation relative-- There is not a separate pot that we pay our sick leave out of. But if we can have healthier employees, with less usage of sick leave, there are some savings to be had in the overtime area. Again, it would primarily be in those two Departments -- Corrections and Human Services. I think the figure we suggested was somewhere in the neighborhood of \$4 million. Again, most of the recommendation in that area was directed towards productivity. That person is being paid whether he is on the job or whether he is ill, and he should be. But if he is there, he is in a productive fashion; if he is not, obviously nothing is being performed. In those instances where you have to have that person there, you have to find another alternative, and then overtime may be the only option you have available to you.

ASSEMBLYMAN RUSSO: Questions? (no response)

Maybe we could talk about work force reductions -- the booklet with the yellow cover. This was 1990. Maybe what you

could do is talk about what has occurred since then, and any of your recommendations or suggestions -- whether they have been implemented. We have heard testimony from Commissioner Cimino, for example, that in 1988, the work force seemed to peak at about 80,500 workers, I believe. Now it is about 75,000, for various reasons. Maybe you could get into that.

MR. SCHEIRING: This is going to be a theme that you are going to hear over and over again, but frankly it is a theme that the Commission felt very, very, very strongly about.

When we started to look at this right sizing effort -- and those are, frankly, words that were coined by Jim Ferland, who is a very important member of the Commission -- when you factor in that the State is spending over \$3 billion, again, on its most important resource, its people, we wanted to take a look at this from a holistic point of view: What was going to be necessary in terms of having a reduction occur, and how could it be done in a most sensitive kind of way?

We looked at it really from three different areas, and I want to talk about it from that point of view and, again, get directly to the point of what has happened in those areas. We recognized that, given the kind of work force the State had, and the provisions provided in terms of any reductions that were to occur-- How could that best be handled in a way that provided some fairness and equity, and perhaps the most sensitivity and the least pain?

One area we talked about very extensively -- and we were delighted to see that it was forwarded on -- was a consideration which had been used both in the private and public sectors: consideration of the Early Retirement Program. We felt that was an important area to take a look at for two reasons: One, it would be an opportunity to perhaps have some of the more expensive individuals, who were at a point where you could not, through a process of any kind of layoff-- You could develop a process where you basically have

to go on seniority, and you would have an opportunity here to have folks elect to make the decision themselves.

The Commission's view was that if the State were to perform that type of a program, they would need to think of two things: One, what would the potential structure be, and what would the impact be in terms of some of the operations, because some of our areas have more intense seniority bases than others?

Secondly, we had to be mindful that as that occurred, if you wanted to see long term savings, you had to be mindful of the fact that, yes, there will be certain positions you will have to refill. If the Director of Taxation, for example, were to be part of that pool, you would have to fill that position. But, what you don't want to see, is a wholesale refilling of those positions, or very quickly you would find yourself in a situation where the savings gleaned through an Early Retirement Program would quickly dissipate within a few years.

The other aspect we tried to look at was from the point of view of: What could potentially happen through a Managed Attrition Program? What we basically did was examine some efforts made in some other states -- Pennsylvania being one of them -- and some initiatives that were, frankly, initiated under Governor Kean as part of the GMIT process. That was called the Vacancy Review Board. The State had, at that time, roughly 70,000-plus employees, but on an annual basis, there were around 7500 to 8000, through natural attrition, who were leaving the State, either through separations to join another organization, or through retirement, or whatever it was.

What we suggested was that there ought to be a proactive approach not relative to whether or not the position should continue on, because that was really the intent of the Vacancy Review process, but whether or not the position should be filled. If we could establish some targets over a period of time, let's say, at 2 percent or 4 percent or 6 percent, what

you would see in the long term process of being able to start to eliminate, or right size -- or downsize, if you want to use the term that is, perhaps, a little more negative -- being able to see a reduction of that work force, but in a way that would not negatively impact people who were with the State at that point.

Again, we were pleased and delighted to see that our suggestion was to be in a situation of doable at about 4 percent a year, which was about 1000 positions. I think, as you know, that has become a major piece of what has occurred, both of those elements, in terms of the reductions that have taken place within the State's work force. Again, from the Commission's perspective, we think those were very wise choices to make. They minimized the impact on the individuals, and minimized, perhaps, having folks who -- again, as Commissioner Cimino spoke about -- are real people, who need to make a living, who do provide productive responsibilities, and, most importantly, perhaps, some of our younger folks, who are going to be, in a sense -- this may sound corny, but the seed corn of tomorrow, the future Rich Keeveys, the future of not leaving the State, in a sense--

So, again, I think from the Commission's perspective we are pleased that those holistic approaches were examined, were adopted. I think they have had remarkable success in a very short period of time. We are pleased to see as part of this year's proposed budget, additional Managed Attrition Program recommendations. I think it is somewhere in the neighborhood of 25 mil. That has limited the amount of layoffs that have occurred to date, so to speak.

ASSEMBLYMAN RUSSO: Has the work force evaluation board been very active since the Governor appointed certain individuals?

MR. SCHEIRING: There is not, per se, a work force evaluation board. We suggested that as a potential mechanism.

Frankly, the view was that that was unnecessary; that it would perhaps lead itself to a paper-intensive process. What they basically have done, in a sense, is lock positions, except for selected areas where -- some of the areas are the areas we just talked about, where they need to refill because of the types of services being provided, Corrections predominantly. So, in a sense, they are taking an exception kind of basis. Versus a situation we were talking about of every one of them being examined, we are only going to examine the ones we are going to release out of the system, in a sense. That makes it, I think, much more effective. It was actually a better course of action than perhaps we were proposing.

I think the other important thing that was nuanced that we did recommend-- It didn't save any dollars, but I am sure this Committee is very much aware -- and the members of ours -- of the fact that we had a slew of positions that were on the books that were not funded. There were somewhere in the neighborhood of 4000 of them. It creates an atmosphere within an agency, within an organization, that we are understaffed because we have unbudgeted -- or because budgeted positions have not been filled. Those positions were not only not filled; they were not funded. We suggested, again, as part of the right sizing, the cleanup of some of this. Let's go in and clean the books off of these positions that have not been funded for some time. Didn't save any dollars, but it did eliminate 4000 slots off the books, and made it a little tidier, and provided, perhaps, a different view in terms of how--

ASSEMBLYMAN DeCROCE: It might save you money, though, because most times the department would appropriate, or ask for an appropriation to cover those positions, in most cases.

MR. SCHEIRING: I'm sure they would have probably asked, but again, generally they may not have received either from the executive or the legislative at that point in time.

But, again, it is a perception aspect. I think it is important to recognize that.

ASSEMBLYMAN RUSSO: When you talk about the growth of State government, did your Commission come up with information, for example, on the growth of nonmanagement, as opposed to management types in State government? We have heard talk about a large number of project specialists and things. We have heard testimony like that. I don't know if you were here those particular days, but figures were given, and we had some people dispute the figures.

MR. SCHEIRING: Let me respond in this fashion, if I may: One of the things we tried to do very definitively -- and I hope and trust successfully-- We spent some time before we started this process taking a look to see what other states have done, and what we have done in the past, relative to these areas. Frankly, I think what we learned from that was that we didn't want to focus on the resource side of the house. We wanted to focus on what was being done out there when we looked at these reviews, and then see again, from the point of view of what kind of improvements could be had that would increase the productivity; that may require investments, that may require a restructuring of how work is performed, and then take a look at that relative to the point of view of what that impact would be on savings. And, of course, with the labor-intensive operation that State government is, what does that mean relative to either new additional people or new additional systems, or what does it mean relative to savings in there?

So, again, our objective was not to focus on stacking ratios or administrative overhead, but to take a look at the functions being performed -- did it make sense relative to that? Were there duplications of activities? -- and then see what that meant. I know that was a roundabout way of answering that question, Mr. Chairman, but I think it is important to reflect on that.

ASSEMBLYMAN RUSSO: No, that was good. On the Contingency Staffing Report, could you just give us a brief overview of that report -- what you did, what you recommended, what you found?

MR. SCHEIRING: Again, just leaving the subject there that we just did-- We were concerned that, given the fact that we are a labor-intensive work force, given the fact that there were other options to having a full-time budgeted position individual performing that, what was the range of options -- contingency areas that could be potentially considered?

Traditionally, I think we feel, and believe, that the State tends to have all the incentives built towards creating staffing to a peak, in a sense. Maybe the best example that I could give, I guess, would be -- and it is not a situation which I think is happening there, in any sense of the word-- You have a tax season. Obviously, there is a peak there. Do you staff for that peak work load, or do you staff for the basic? Then, what can you do when that peak work load happens?

The essence of our Contingency Staffing Report was to take a look at what the range of options was that were potentially available, and what was happening in the private sector in that area? Frankly, what we saw was that in the private sector, they, I think, do a little bit better job than we have and have a better structure in terms of focusing on what the basic coronas are which we are trying to perform. When there are those seasonal peaks, what actions do we want to engage in? It can range from overtime, the use of part-time help, to flex time kinds of situations, a whole gamut. They are spelled out in that area.

We were basically suggesting in that area that we ought to employ that and do a more detailed analysis on the work flow, and then see what that should be, and provide perhaps different kinds of incentives than exist today that would allow far boarder use than what we do today, in the use

of both part-time and seasonal employees, or perhaps bringing back individuals who have left the work force and who have retired, but who have expertise in that area, or allowing, again, job sharing. With a two-income family, there may be situations where an individual would be delighted and could perform very, very well. In fact, you might get enhanced productivity by sharing that job between two people, or three people. Those were the kinds of things we were suggesting in that area.

ASSEMBLYMAN RUSSO: Are there any other questions in this area, or any other area for these gentlemen? (no response)

I want to thank you very much for your testimony. It is greatly appreciated. Thank you.

ASSEMBLYMAN ROMANO: At the conclusion, I just want to ask you-- You know this like the back of your hand. How often do you read these reports?

MR. SCHEIRING: I can assure you, Assemblyman Romano, I do not read these reports over every night.

ASSEMBLYMAN ROMANO: You did an excellent job. The gentleman to your left is a good prompter.

MR. SCHEIRING: Yes, he is. I think, again, we have had the pleasure of working with some very high quality people for the last two years.

ASSEMBLYMAN ROMANO: Well, you are to be complimented. You behaved, you know-- It's at your fingertips, every answer.

ASSEMBLYMAN RUSSO: Thank you very much.

Tuesday, at 2:00, for the members.

ASSEMBLYMAN ROMANO: Mr. Chairman, two items: Two o'clock? what time do you think we will be here until?

ASSEMBLYMAN RUSSO: Maybe 5:00.

ASSEMBLYMAN ROMANO: Okay, that's through the night.

ASSEMBLYMAN RUSSO: No, I would certainly hope not.

ASSEMBLYMAN ROMANO: Last but not least, it is an open session?

ASSEMBLYMAN RUSSO: Sure, sure.

UNIDENTIFIED SPEAKER FROM AUDIENCE: Will there be a draft before then?

ASSEMBLYMAN RUSSO: I'm sorry, I couldn't hear you.

UNIDENTIFIED SPEAKER FROM AUDIENCE: Will there be a draft before then?

ASSEMBLYMAN RUSSO: I hope so.

UNIDENTIFIED SPEAKER FROM AUDIENCE: We are going to testify. Are we going to get to see it prior to testifying?

ASSEMBLYMAN RUSSO: Do you mean us or you?

UNIDENTIFIED SPEAKER FROM AUDIENCE: Us.

ASSEMBLYMAN RUSSO: Oh, I was talking about us. I would like to see it, too.

UNIDENTIFIED SPEAKER FROM AUDIENCE: I would like to see it, as well.

ASSEMBLYMAN RUSSO: Well, it depends on when we get it done. If there is a draft, yes, sure, you are more than welcome to see it. No problem.

UNIDENTIFIED SPEAKER FROM AUDIENCE: Are you intending to vote it out of Committee on the same day?

ASSEMBLYMAN RUSSO: No. Hopefully, on the 30th -- we have discussed this -- which will be after the regular session; not in the morning, because there are various committees people have -- that situation. The 30th will be a Thursday.

ASSEMBLYMAN ROMANO: Mr. Chairman, Mr. Fuller asked me to make sure that his letter goes into the record for consideration by the Committee.

ASSEMBLYMAN RUSSO: Yes, we have the letter from Mr. Fuller. I would assume it is dated today. It is from the DAV.

ASSEMBLYMAN ROMANO: I received it by Fax yesterday.

ASSEMBLYMAN RUSSO: Yes, I read it. Thanks. This letter from Don Fuller, Legislative Chairman of the DAV for the

State of New Jersey, says: "The 33,500 member DAV Department of New Jersey is deeply committed to veterans' preference" -- we discussed that -- "in the Civil Service system. Veterans' preference has been in existence since before World War II. The purpose is to give it to veterans that have given up part of their life to serve in the armed forces.

"In the case of disabled veterans, if they pass the test, they go to the top of the Civil Service hiring list for that position.

"Our members have service-connected disabilities which, in numerous cases, cause private industry to prefer to hire people without any disabilities.

"It would be a grave injustice if this preference was eliminated. A good example would be the Desert Storm veterans." I believe Commissioner Cimino already mentioned that there are Desert Storm veterans already, especially a female one, who is underemployed. "Now that they are eligible for all veterans' benefits, it would help them to obtain a job during these difficult economic times.

"We would gladly work with the Committee in discussing any improvements in the system. Thank you for the opportunity."

So, now that is on the record. Thank you.

Two o'clock on Thursday. Thank you.

**(MEETING CONCLUDED)**

APPENDIX



**GOVERNOR'S  
MANAGEMENT  
REVIEW  
COMMISSION**

**OPERATIONAL REVIEW  
OF  
SICK LEAVE USAGE**

**September 14, 1990**

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**Governor's  
Management Review  
Commission**

**Operational Review  
of  
Fringe Benefits**

**October 19, 1990**



